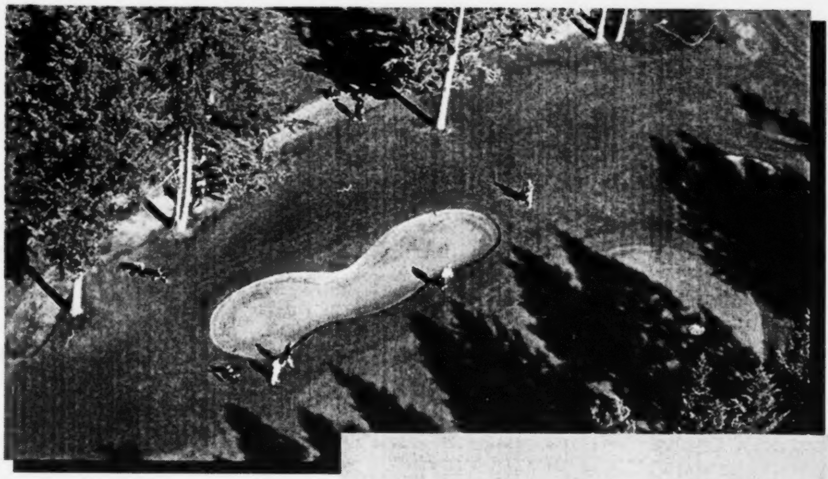
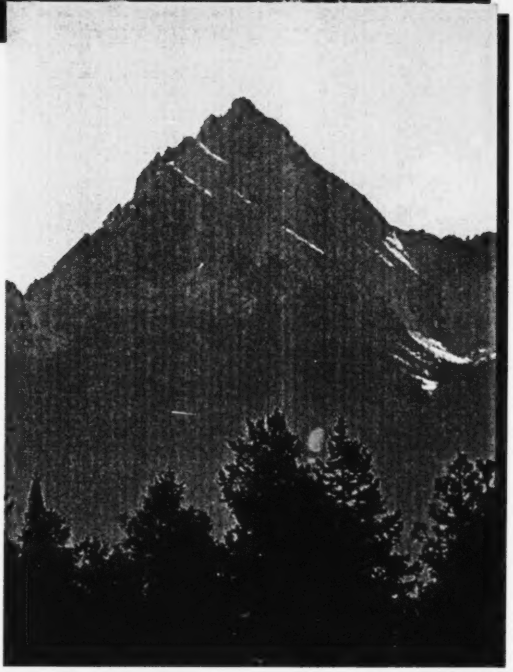
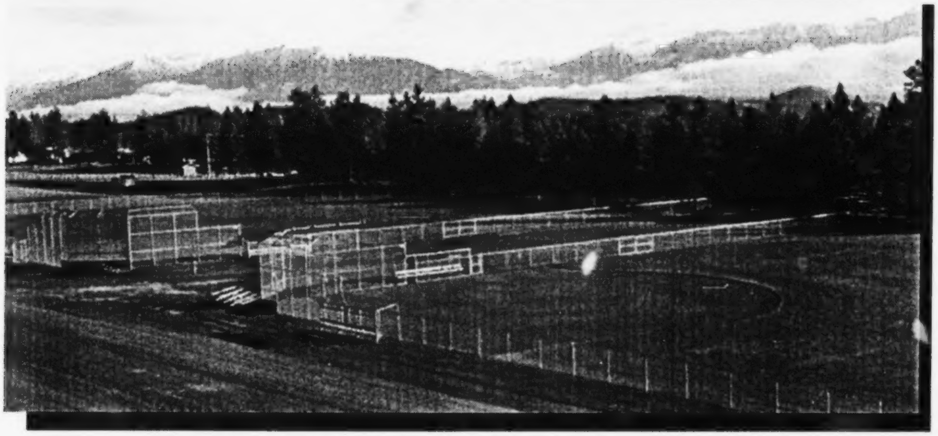


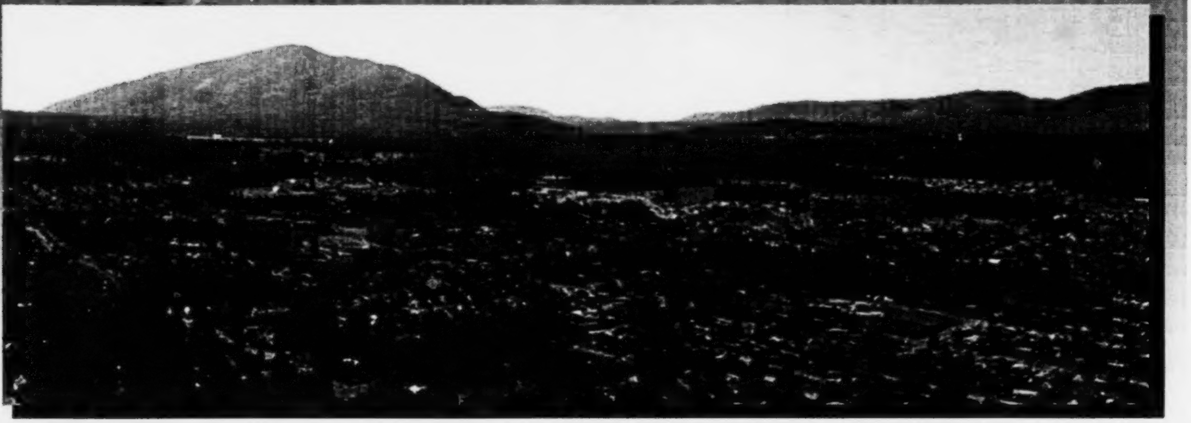


# 2006 Annual Report

# CRANBROOK



# A Message from the Mayor



On behalf of Cranbrook City Council, I am pleased to present the City's 2006 Annual Report.

2006 was undoubtedly another 'busy year' in the financial growth of Cranbrook. Projects that have been in the making for a number of years have come to fruition. The Canadian Rockies International Airport completed the Phase I expansion of the runway from the previous 6,000 feet to 8,000 feet, the Air Terminal Building renovations, increasing the 9,400 square foot building to over 22,000 square feet, commenced in 2006 and is scheduled for completion in late 2007, the Library Services Facility replacement took place and the new Cranbrook Public Library is in its downtown location at 1212 Second Street North along with commercial rental office space on the second floor, creating a positive revenue stream for the City.

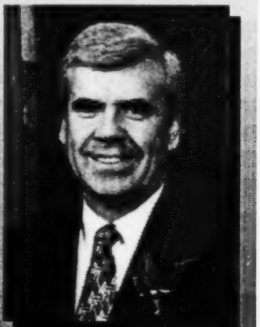
Completion of the major upgrades to Cranbrook Street, between 6th Street North and Victoria Street, as well as the new Ridgeview Road, have greatly improved the movement of local as well as visitor traffic through the City.

New developers of major projects continue to show interest in Cranbrook. Those who have been 'planning and developing' their ideas are coming forward with concrete plans and commencement dates for their projects.

The City, at the request of property owners to the northwest of current City boundaries, made application to the Provincial Government to bring these properties into the City of Cranbrook. This expansion alone will provide for a 15 – 20 year horizon of development; the expanded area will allow the City to have a hand in 'wise and sound' development as we continue to grow.

The BC Provincial economy remains strong, our location in proximity to the booming Alberta market and our affordable and attractive lifestyle will continue to attract new financial and family investment ... the future of Cranbrook remains 'extremely positive'.

We trust this information will be deemed valuable to you and encourage you to 'take a serious look at Cranbrook'.



Ross Priest,
Mayor

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# 2006 Cranbrook City Council

**From left to right: Councillor Scott Manjak, Councillor Liz Schatschneider, Councillor Jim Wavrecan, Mayor Ross Priest, Councillor Alan Gordon, Councillor Bruce Mollison, Councillor Angus Davis**

## Previous Mayors of the City of Cranbrook

| | | | |
|---|---|---|---|
| **1905-1906** | **G.T. Rogers** | **1923** | **W.F. Cameron** |
| **1907** | **James Finley** | **1924** | **A.J. Balment** |
| **1908-1910** | **J.P. Fink** | **1925-1940** | **T.M. Roberts** |
| **1911** | **P. Devere Hunt** | **1941-1946** | **A.J. Balment** |
| **1912-1913** | **A.C. Bowness** | **1947-1961** | **R.E. Sang** |
| **1914** | **S. Taylor** | **1962-1969** | **G.W. Haddad** |
| **1915** | **A.C. Bowness** | **1970-1973** | **M.G. Klinkhamer** |
| **1919** | **W.F. Cameron** | **1984-1990** | **R.B. Jensen** |
| **1920-1922** | **J.A. Genest** | **1990-1999** | **M.F. Patterson** |
| | | **2000-** | **R. Priest** |

# 2006 Council Representatives

## *MAYOR* Ross Priest

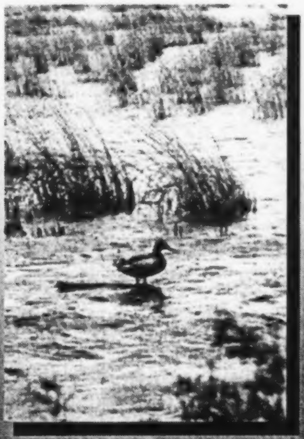
Advisory Planning Committee
East Kootenay Regional Hospital Board
Emergency Planning and Protective Services Committee
Kootenay East Regional Hospital Board
Personnel Committee
Regional District of East Kootenay, Director
Regional Transportation Advisory Committee
Southern Interior Development Initiative Trust

## *COUNCILLOR* Angus Davis

2010 Legacy Committee
Cranbrook Public Library Board
East Kootenay Organization for Human Dignity and Equality
East Kootenay Regional Hospital Board (alt.)
Heritage Advisory Committee
Kootenay East Regional Hospital Board (alt.)
Personnel Committee
Regional District of East Kootenay (alt.)

## *COUNCILLOR* Alan Gordon

East Kootenay Regional Hospital Board (alt.)
Environment and Utilities Committee
Joint Parks and Recreation Commission
Kootenay East Regional Hospital Board (alt.)
Parcel Tax Roll Review Panel
Regional District of East Kootenay (alt.)
Transit Advisory Committee



## *COUNCILLOR* Scott Manjak

Cranbrook and District Community Foundation
East Kootenay Regional Hospital Board
Emergency Planning and Protective Services Committee
Kootenay East Regional Hospital Board
Kootenay Regional Advisory Committee (Stakeholders Treaty Negotiations)
Personnel Committee
Regional District of East Kootenay, Director

## *COUNCILLOR* Bruce Mollison

Advisory Planning Commission
Downtown Parking Commission
Environment and Utilities Committee
Transit Advisory Committee

## *COUNCILLOR* Liz Schatschneider

Community Policing Committee
Cranbrook Chamber of Commerce
Emergency Planning and Protective Services
Environment and Utilities Committee
Kootenay Regional Advisory Group (Ktunaxa Local Government Treaty Advisory Committee)
Traffic Safety Committee

## *COUNCILLOR* Jim Wavrecan

Cranbrook Archives, Museum and Landmark Foundation
Emergency Planning & Protective Services
Environment and Utilities Committee
Railway Museum Development Committee
Traffic Safety Committee
Transit Advisory Committee

## DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS

In accordance with Section 98(2)(e) of the *Community Charter*, there were no declarations of disqualification made under Section 111 of the *Community Charter* in the year 2006

# City Services

The Corporation of the City of Cranbrook provides a broad range of municipal services to our residents, businesses and visitors to our community. The Corporation is organized into six Departments responsible for cost effective delivery of these services under the policy direction and budget authorization of Council. The City also contracts police services and financially supports the Cranbrook Public Library. In 2006 the Multi-Purpose Recreation Complex and Curling Rink were operated by Keen Rose according to the Public/Private Partnership Agreement.

Public services provided by each Department are highlighted below:

## ENGINEERING

A small, talented engineering team guides the planning, design, and construction management for new development, replacement and major maintenance of City infrastructure. This includes our potable water and sanitary sewer utilities; the administration of lagoons and the spray irrigation site; our reservoir, diversion system and supply pipeline; as well as our roads, sidewalks, and storm drainage system. In 2006, engineering staff worked closely with the Ministry of Transportation on reconstruction of Highway #3 which is known as Cranbrook Street. The City invested approximately $3.5 million to replace water and sewer lines, construct a sidewalk along the east side of Cranbrook Street and contributed to certain shared costs with the Ministry. Overall project costs were $8.4 million.

The Department also administers subdivision approvals, building permits and construction inspections. 2006 was an active year with 68 new housing starts and 272 total permits. Residential construction value was $16,351,800, institutional construction value was $23,705,276 (primarily hospital reconstruction) and commercial/industrial construction value was $18,825,909.

In 2006 Engineering continued to gather data on existing systems to develop a comprehensive Asset Management Plan.

The Department administers the City Cemetery and responds to numerous daily inquiries regarding land development, municipal servicing and building permit requirements.

## PUBLIC WORKS

Where the rubber truly hits the road. Our Public Works crews keep the City moving. Taking care of 135 km of paved roads and 43 km of unpaved lanes and streets, the crews clear snow, sand, repair and clean our streets.

The crews take care of public parking lots, sidewalks and pedestrian pathways; roadway and surface drainage channels, structures and storm sewers. To ensure traffic moves safely Public Works maintains traffic and pedestrian signals, street lighting, regulatory and information signage.

7,766 water services were maintained to residences across the City as well as 1,355 business services and 3 industrial services. 1.3 billion imperial gallons (5.7 billion litres) of potable water were delivered to clients. Public Works crews maintain, repair and replace the in-ground pipes delivering this essential service; monitor the quality of the water and maintain the reservoir, diversion structures and feed lines. Instrumentation installed during 2005 in a diversion structure south of the City's Phillips Reservoir provides continuous on-line monitoring of surface water flows from Gold Creek and Joseph Creek watersheds. The equipment also monitors the apportionment of surface waters directed into the reservoir and into Joseph Creek that flows through Cranbrook. The monitoring equipment measures conductivity, turbidity, and temperature from each of the two surface water sources and records flow from the Gold Creek pipeline. Crews completed 83 major repairs to water and sewer services in 2006.

Our crews also keep the City clean and attractive. Crews collect residential solid waste and trash from public areas; are responsible for the maintenance and operation of the City's wastewater collection and treatment systems as well as effluent transfer to the Spray Irrigation site.

# City Services (cont'd)

In our parks and open spaces Public Works personnel maintain playfields, playgrounds, boulevards, creeks and natural areas, trees, shrubs and gardens, the cemeteries, mausoleum and public structures including water parks, shelters and public toilets. In 2006 crews focussed on expansion of Moir Centennial Athletic Park, rebuilding and completing 4 soccer fields, 4 ball diamonds and one football field. Public Works crews worked closely with Communities in Bloom preparing sites by removing soil, excavating, placement of top soil and installation of irrigation systems.

City Hall, our Arenas, the Operations Centre, Fire Stations and numerous small public buildings are maintained by Public Works personnel, directly and by contract, providing janitorial services, security, heat/ventilation/air conditioning services, carpentry, electrical, plumbing, painting, roofing, flooring, lighting and glazing.

To keep all of these services on the move our crews maintain, service and repair the City's fleet of vehicles and apparatus.

## FIRE AND EMERGENCY SERVICES

You likely hear and see their presence almost every day. In 2006 our team of 17 professional firefighters and 8 volunteers responded to 1,157 calls for emergency services. First responder services accounted for the majority of calls providing patient and site stabilization, vehicle extraction, and often supporting ambulance personnel. The Fire Department responded to 117 fire related calls in both the City and Regional District service area.

Beyond fire suppression and first responder services the Fire Department provides core services in fire prevention, emergency preparedness and communications. In 2006 the Department conducted 1,042 fire safety inspections for buildings in Cranbrook, enforced the Fire Services Act and BC Fire Code, conducted 29 fire investigations and delivered 139.5 program hours related to fire safety public education programs.

The Fire Department assumed a lead role in community emergency planning and preparedness, is responsible for organization of the Emergency Operations Centre and works closely with Provincial officials in response modelling.

In 2006 the Department directed 418 emergency calls to 15 regional communities, provided 880 dispatch calls to Public Works crews, issued 289 burning permits, supported Fire Prevention Week and toured the community Christmas Eve with Santa Claus.

The Department is a strong and active partner in the Fire Services Training Program provided by the College of the Rockies. In 2006, 34 students graduated from this unique and well respected training program preparing men and women for a career as a professional firefighter.

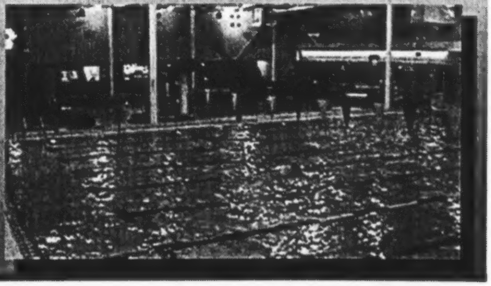
## LEISURE SERVICES

The City recognizes the health and wellness benefits for our citizens participating in active leisure and recreation programs. In 2006 our Leisure Services staff managed delivery of over 200 programs to more than 1,800 preschool children, youth and adults.

Leisure Services and Public Works personnel managed, operated, maintained and provided a range of recreation services in the Memorial and Kinsmen arenas. The City provided public and private ice and dry pad services to minor hockey, figure skating, adult hockey, public skating, lacrosse, the Kinsmen Home and Garden Show, Cadets and many other community organizations.

In 2006 the aquatic centre supported more than 1,400 pool rentals and swim programs serving over 2,500 parents, tots, pre-school and school age children, youth and adults.

Leisure Services staff booked City facilities (arenas, pool, parks, play fields) and facilities included within the joint use agreement with School District #5 to ensure best utilization and public access to these community assets.



# City Services (cont'd)

Department staff worked closely with many community groups, service clubs, organizations and educational agencies to extend the provision of leisure and recreation services in our City. In 2006 the Sun Rise Rotary Club completed the Moir Centennial Athletic Park Field House. Communities in Bloom completed a number of projects including the Urban Forest Management Plan, tree planting in Moir Park and the downtown area, and they expanded their Tree for Life Program.

Staff from three Departments - Public Works, Engineering and Leisure Services - worked together on the Moir Centennial Athletic Park. Public Works personnel were involved in site grading, installation of several kilometres of sub-surface drainage structures, storm catch basins, surface swale construction, topdressing, irrigation repairs, modifications and installations. Leisure Services staff coordinated the overall project. Engineering staff managed much of the planning and design work.

## FINANCE AND COMPUTER SERVICES

The Finance and Computer Services Department diligently administers the public financial resources of the City. In 2006 the Department prepared the Five-Year Financial Plan for Council's consideration, prepared annual financial reports and numerous analyses of costs vs. budgets. Department personnel process daily financial and accounting transactions, implement and monitor internal procedures, order goods and services and tender major capital projects.

In 2006 considerable effort was invested in managing the expansion of the Canadian Rockies International Airport. The Province of B.C. and the Government of Canada have each contributed $4.5 million to this very important project. Construction commenced in March 2006. The runway has been extended to 8000 feet and the air passenger terminal is being expanded from 9591 square feet to 22380 square feet. Official opening of the expanded airport is scheduled for the Fall 2007.

Finance and Computer Services also project managed construction of the new Cranbrook and Region Public Library. A modern, bright library replaced an aging and small structure when the project was completed in November 2006. The Library doubled in size when it moved from the previous location to 1212 – 2nd Street North.

The Finance Department took the lead on negotiating the termination of the existing agreement with Keen Rose so that the City could assume ownership and management responsibility for the Multi-Purpose Recreation Complex early in 2007.

Beyond these complex contract management services, the Finance and Computer Services Department manages Human Resources functions for the Corporation including payroll, administration of collective agreements, employee benefits and recruitment. The Department also manages Corporate information technology services.

## CORPORATE SERVICES

Corporate Services Department personnel provided legislative support services to Council, including minutes, policy and bylaw development, records management, municipal elections administration and management of referendum processes. The Department also includes City planning and development functions. Staff work closely with land developers to ensure responsible community growth and completed the updated Official Community Plan in mid 2006.

The Department is responsible for Municipal bylaw enforcement, provision of public information related to bylaws, mediation of neighbour disputes, the encouragement of reasonable compliance and domestic animal control services. The Department issued 1,310 business licences, including 112 new licences in 2006.

Department staff administers the City's Public Transit Services Agreement with B.C. Transit and Greyhound Canada Transportation Corporation as well as managing Corporate land sales and acquisitions.

## POLICE SERVICES

Community police services are provided by the Royal Canadian Mounted Police through a contract with the City of Cranbrook. Our local Detachment includes 24 officers and 13 support positions providing a wide range of police services.

In 2006 the Detachment supported and delivered a number of community based services to enhance public safety, discourage criminal activity and encourage individuals to make wise choices as positive members of our society. Specially trained officers delivered the D.A.R.E. (Drug Abuse Resistance Education) program to grade 6 students in all elementary schools as well as some grade 5 and 7 classes.

Successful community fund raisers provided monies to support the D.A.R.E., and P.A.R.T.Y. (Preventing Alcohol Related Trauma in Youth) as well as contributing to scholarships for local grade 12 students who exemplified the D.A.R.E. program by remaining drug and violence free.

Trained volunteers worked closely with RCMP officers to build a Community Restorative Justice Program. Together these individuals work with first time offenders to recognize their impact on the community and victims of crime, to seek means to restore the situation and to find a positive, long-term outcome. Dedicated community volunteers supported an active Citizens on Patrol (COP) program.

Community businesses supported an important fund raiser to assist the COP volunteers. COP volunteers extend the "eyes and ears" of the RCMP into the community conducting parking lot and business patrols, participating in the Stolen Automobile Recovery System, watching for impaired drivers and reporting potential criminal activity for RCMP response.

Overall in 2006 the Community experienced an 11% decrease in criminal code incidents over 2005. Clearance rates increased. Incidents of theft decreased approximately 14% from 2005 rates while drug incidents decreased by 22%.

## LIBRARY SERVICES

The City provides substantial funding ($358,000 in 2006) to support the Cranbrook Public Library. The Library is guided by the Library Board. Circulations surpassed 223,000 in 2006, while electronic services (website access, online database access) grew to more than 131,000. There were 1,296 active members. Residents in both Area C of the Regional District and the City voted in two separate referendums to support expansion of the Library in 2005. Planning and design work was completed in 2005 and construction completed in 2006.

In 2006 the Library provided numerous programs and services beyond the traditional hard copy circulation. Children's Storytime, Children's Summer Reading Club and the Teen Summer Reading Club were all popular. Over 6,100 requests were placed through the Library's website. Young adult books and large print book collections saw significant additions.

The Library moved from its old facility adjacent to the Rec Plex to a modern environment at 1212 – 2nd Street North in December of 2006.

# Officers at December 31, 2006

**Will Pearce**
Chief Administrative Officer

**Wayne Staudt, CA**
Director of Finance and Computer Services

**Roy Hales, MCIP**
Director of Corporate Services

**Tyron (Ty) Stokes, P.Eng., MBA**
City Engineer

**Diane Butz**
Director of Leisure Services

**Wayne Price**
Director of Fire and Emergency Services

**Joe A. McGowan, AScT**
Director of Public Works

**Dr. Nelson Ames**
Medical Health Officer

**SOLICITORS**
Murdy & McAllister
Steidl, Kambeitz

**BANK**
Bank of Montreal

**AUDITORS**
BDO Dunwoody LLP

**POLICE**
Royal Canadian Mounted Police

# Managements' Responsibility for Financial Reporting

**To Mayor Ross Priest and Members of Council:**

**In accordance with Section 167 of the Community Charter, we are pleased to submit the 2006 consolidated financial statements for the Corporation of the City of Cranbrook, together with the report of our Auditors, BDO Dunwoody LLP.**

**The preparation of the consolidated financial statements is the responsibility of the City's management. The statements have been prepared in accordance with Canadian generally accepted accounting principles for municipalities in the Province of British Columbia. These principles are based upon recommendations of the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.**

**Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.**

**The consolidated financial statements have been audited by BDO Dunwoody LLP Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. The Auditors' report expresses their opinion on these consolidated financial statements. The Auditors have full and free access to the accounting records.**

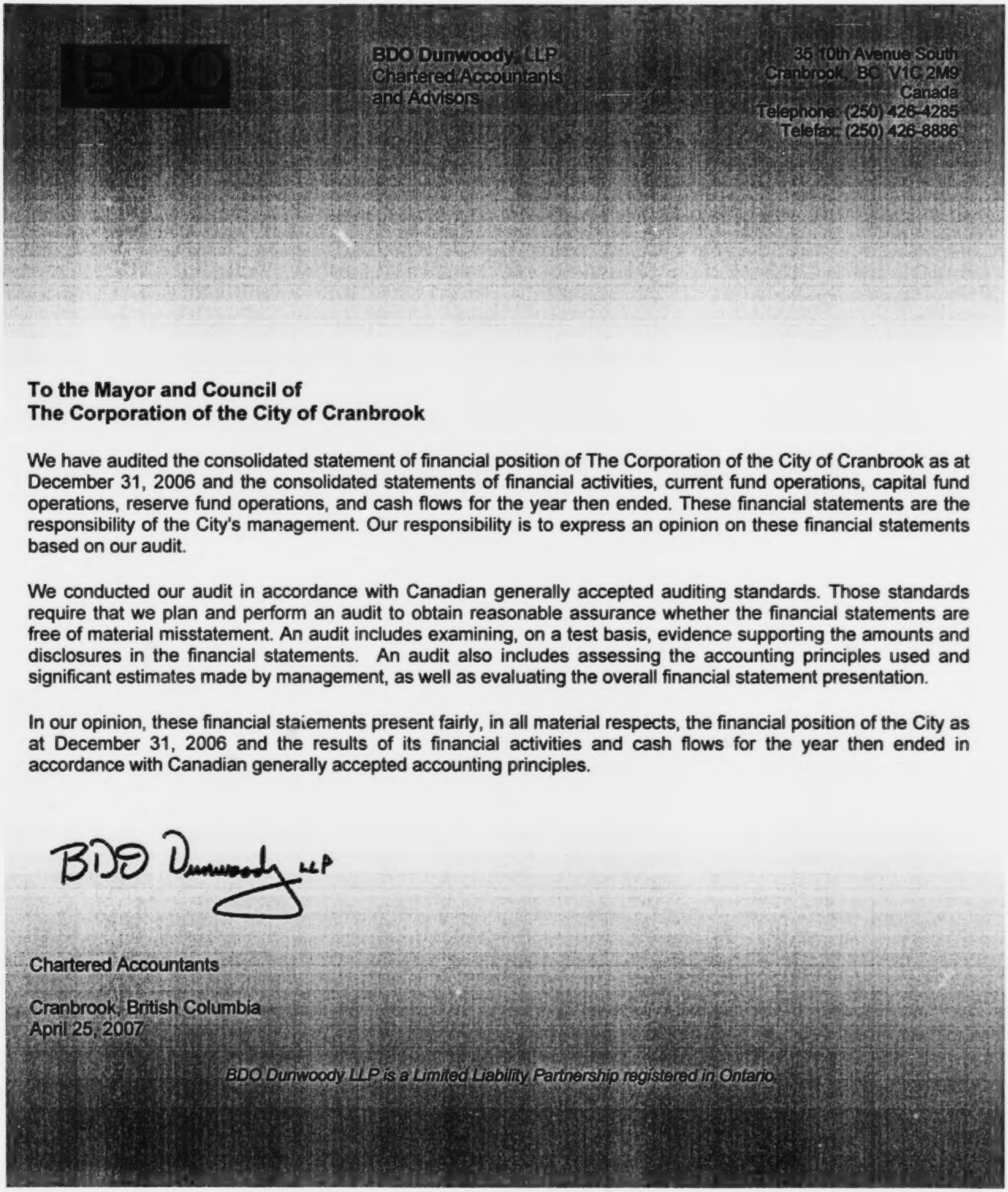
Wayne Staudt

**Wayne Staudt, CA**
**Director of Finance and Computer Services**

**April 25, 2007**

**Will Pearce**
**Chief Administrative Officer**

# Auditors' Report



**BDO Dunwoody LLP**
Chartered Accountants
and Advisors

35 10th Avenue South
Cranbrook, BC V1C 2M9
Canada
Telephone: (250) 426-4285
Telefax: (250) 426-8886

**To the Mayor and Council of**
**The Corporation of the City of Cranbrook**

We have audited the consolidated statement of financial position of The Corporation of the City of Cranbrook as at December 31, 2006 and the consolidated statements of financial activities, current fund operations, capital fund operations, reserve fund operations, and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2006 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Cranbrook, British Columbia
April 25, 2007

*BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario*

# Consolidated Statement of Financial Position

| December 31 | 2006 | 2005 |
|---|---|---|
| **Financial Assets** | | |
| Cash and funds on deposit (Note 1) | $ 27,009,640 | $ 20,474,143 |
| Accounts receivable (Note 2) | 5,731,287 | 3,057,197 |
| Land held for resale | 766,028 | 1,302,238 |
| Deposit - Municipal Finance Authority (Note 3) | 1,138,026 | 887,618 |
| | 34,644,981 | 25,721,196 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (Note 4) | 9,750,007 | 4,223,748 |
| Deferred revenue (Note 5) | 2,493,634 | 2,722,482 |
| Development Cost Charges (Note 6) | 1,467,380 | 462,452 |
| Reserve - Municipal Finance Authority (Note 3) | 1,138,026 | 887,618 |
| Capital lease liability (Note 7) | 20,373,729 | 20,689,280 |
| Long-term debt (Note 8) | 16,022,497 | 12,091,744 |
| | 51,245,273 | 41,077,324 |
| **Net Financial Liabilities** | (16,600,292) | (15,356,128) |
| **Physical Assets** | | |
| Inventory of supplies | 287,394 | 381,753 |
| Capital assets (Note 9) | 180,545,057 | 162,186,413 |
| | 180,832,451 | 162,568,166 |
| **Net Position** | $ 164,232,159 | $ 147,212,038 |
| **Municipal Position** | | |
| Financial equity | | |
| Current fund | $ 9,692,716 | $ 8,272,071 |
| Capital fund | 1,482,206 | (255,158) |
| Reserve fund | 5,885,048 | 6,522,666 |
| | 17,059,970 | 14,539,579 |
| Equity in physical assets (Note 10) | 147,172,189 | 132,672,459 |
| | $ 164,232,159 | $ 147,212,038 |

Wayne Staudt, CA
Director of Finance and Computer Services

Will Pearce
Chief Administrative Officer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Consolidated Statement of Financial Activities

| For the year ended December 31 | 2006<br>(Unaudited)<br>Budget | 2006<br>Actual | 2005<br>Actual |
|---|---|---|---|
| **Revenue** | | | |
| Taxation for municipal purposes (Note 15) | $ 16,820,338 | $ 16,787,937 | $ 16,173,555 |
| Grants in lieu of taxes | 232,900 | 268,483 | 294,836 |
| Utility fees | 4,134,000 | 4,157,730 | 3,873,336 |
| Federal government grants | 4,617,000 | 3,353,159 | 60,503 |
| Provincial government grants | 5,872,705 | 5,059,612 | 1,591,783 |
| Regional and other local government grants | 1,490,100 | 1,049,405 | 347,415 |
| Sale of services and fees | 5,983,340 | 6,563,354 | 5,092,146 |
| Service, penalties, and interest charges | 255,360 | 268,072 | 251,420 |
| Contributions from developers, and others | - | 1,325,891 | 1,284,730 |
| Development cost charges | - | 6,313 | 279,943 |
| MFA refunds | - | 349,568 | 145,323 |
| Interest earned on investments | 127,200 | 923,756 | 529,238 |
| Proceeds from sale of land held for resale | - | 646,060 | 186,198 |
| Other revenue | 189,475 | 226,765 | 162,202 |
| Actuarial adjustment on long-term debt | - | 197,480 | 183,481 |
| | 39,722,418 | 41,183,585 | 30,456,109 |
| **Expenditures** (Note 16) | | | |
| General government services | 2,561,830 | 2,364,296 | 2,324,752 |
| Protective services | 6,466,937 | 6,195,150 | 5,634,241 |
| Transportation services | 4,116,794 | 4,288,144 | 3,904,091 |
| Cemetery services | 74,520 | 75,394 | 71,652 |
| Planning and development services | 416,596 | 177,459 | 176,006 |
| Recreation and cultural services | 3,747,398 | 3,512,022 | 3,500,126 |
| Water services | 1,414,540 | 1,184,628 | 1,108,104 |
| Sewer services | 1,110,115 | 756,045 | 759,049 |
| Solid waste services | 1,582,270 | 1,563,125 | 1,473,704 |
| Airport operations | 992,565 | 1,006,116 | 923,467 |
| Cost of land sold | - | 536,209 | 228,262 |
| Interest on long-term debt | 2,254,425 | 2,142,017 | 2,083,492 |
| Capital expenditures | 23,375,095 | 17,310,599 | 4,377,649 |
| Contributed capital assets | - | 1,316,544 | 1,284,730 |
| | 48,113,085 | 42,427,748 | 27,849,325 |
| **Net revenues (expenditures)** | (8,390,667) | (1,244,163) | 2,606,784 |
| **New debt issued** | 6,011,000 | 5,000,000 | 2,525,875 |
| **Debt principal repayments** | (1,354,815) | (1,235,446) | (1,687,228) |
| **Change in fund balances** | (3,734,482) | 2,520,391 | 3,445,431 |
| **Financial equity, beginning of year** | 14,539,579 | 14,539,579 | 11,094,148 |
| **Financial equity, end of year** | $ 10,805,097 | $ 17,059,970 | $ 14,539,579 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Consolidated Statement of Current Fund Operations

| For the year ended December 31 | 2006<br>(Unaudited)<br>Budget | 2006<br>Actual | 2005<br>Actual |
|---|---|---|---|
| **Revenues** | | | |
| Taxation for municipal purposes (Note 15) | $ 16,820,338 | $ 16,787,937 | $ 16,173,555 |
| Grants in lieu of taxes | 232,900 | 268,483 | 294,836 |
| Utility fees | 4,134,000 | 4,157,730 | 3,873,336 |
| Federal government grants | - | 1,538 | 1,440 |
| Provincial government grants | 650,870 | 631,673 | 1,149,438 |
| Regional and other local government grants | 759,100 | 755,505 | 347,415 |
| Sale of services and fees | 5,983,340 | 6,563,354 | 5,092,146 |
| Service, penalties, and interest charges | 255,360 | 268,072 | 251,420 |
| Development cost charges | - | 6,313 | 279,943 |
| Interest earned on investments | 127,200 | 636,202 | 361,819 |
| Proceeds from sale of land held for resale | - | 646,060 | 186,198 |
| Other revenue | 189,475 | 80,228 | 97,421 |
| | 29,152,583 | 30,803,095 | 28,108,967 |
| **Expenditures** | | | |
| General government services | 2,561,830 | 2,347,346 | 2,324,752 |
| Protective services | 6,466,937 | 6,195,150 | 5,634,241 |
| Transportation services | 4,116,794 | 4,288,144 | 3,904,091 |
| Cemetery services | 74,520 | 75,394 | 71,652 |
| Planning development services | 416,596 | 177,459 | 176,006 |
| Recreational and cultural services | 3,747,398 | 3,512,022 | 3,500,126 |
| Water services | 1,414,540 | 1,184,628 | 1,108,104 |
| Sewer services | 1,110,115 | 756,045 | 759,049 |
| Solid waste services | 1,582,270 | 1,563,125 | 1,473,704 |
| Airport operations | 992,565 | 1,006,116 | 923,467 |
| Cost of land sold | - | 536,209 | 228,262 |
| Interest on long-term debt | 2,254,425 | 2,142,017 | 2,083,492 |
| | 24,737,990 | 23,783,655 | 22,186,946 |
| **Net revenues** | 4,414,593 | 7,019,440 | 5,922,021 |
| **Net interfund transfers** | | | |
| Capital fund | (4,511,195) | (4,057,355) | (4,345,338) |
| Reserve fund | (1,541,872) | (1,541,440) | (495,347) |
| | (6,053,067) | (5,598,795) | (4,840,685) |
| **Change in current fund balance** | (1,638,474) | 1,420,645 | 1,081,336 |
| **Balance, beginning of year** | 8,272,071 | 8,272,071 | 7,190,735 |
| **Balance, end of year** | $ 6,633,597 | $ 9,692,716 | $ 8,272,071 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Consolidated Statement of Capital Fund Operations

| For the year ended December 31 | 2006<br>(Unaudited)<br>Budget | 2006<br>Actual | 2005<br>Actual |
|---|---|---|---|
| **Revenues** | | | |
| Federal government grants | $ 4,617,000 | $ 3,351,621 | $ 59,063 |
| Provincial government grants | 5,221,835 | 4,427,939 | 442,345 |
| Regional and other local government grants | 731,000 | 293,900 | - |
| Contributions from developers and others | - | 1,325,891 | 1,284,730 |
| Other revenue | - | 10,000 | 64,781 |
| Issuance of long-term debt | 6,011,000 | 5,000,000 | 2,525,875 |
| Actuarial adjustment on long-term debt | - | 197,480 | 183,481 |
| | 16,580,835 | 14,606,831 | 4,560,275 |
| **Expenditures** | | | |
| Capital expenditures | | | |
| Buildings | 3,437,500 | 3,322,618 | 253,133 |
| Equipment | 1,186,260 | 717,042 | 976,732 |
| Engineering structures | 16,191,335 | 12,025,618 | 4,432,514 |
| Construction in Progress | 2,560,000 | 2,561,865 | - |
| Debt principal repayments | 1,354,815 | 1,235,446 | 1,687,228 |
| | 24,729,910 | 19,862,589 | 7,349,607 |
| **Net expenditures** | (8,149,075) | (5,255,758) | (2,789,332) |
| **Net interfund transfers** | | | |
| Current fund - acquisitions | 3,156,380 | 3,019,389 | 2,841,591 |
| Current fund - debt reduction | 1,354,815 | 1,037,966 | 1,503,747 |
| Reserve fund | 2,650,000 | 2,935,767 | 791,269 |
| | 7,161,195 | 6,993,122 | 5,136,607 |
| **Change in capital fund balance** | (987,880) | 1,737,364 | 2,347,275 |
| **Balance,** beginning of year | (255,158) | (255,158) | (2,602,433) |
| **Balance,** end of year | $ (1,243,038) | $ 1,482,206 | $ (255,158) |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Consolidated Statement of Reserve Fund Operations

| For the year ended December 31 | 2006<br>(Unaudited)<br>Budget | 2006<br>Actual | 2005<br>Actual |
|---|---|---|---|
| **Revenues** | | | |
| Donations | $ - | $ 136,537 | $ - |
| MFA refunds | - | 349,568 | 145,323 |
| Interest income | - | 287,554 | 167,419 |
| | - | 773,659 | 312,742 |
| **Expenditures** | | | |
| Miscellaneous expenditures | - | 16,950 | - |
| **Net revenues** | - | 756,709 | 312,742 |
| **Net Interfund transfers** | | | |
| Current fund | *1,541,872* | 1,541,440 | 495,347 |
| Capital fund | *(2,650,000)* | (2,935,767) | (791,269) |
| | *(1,108,128)* | (1,394,327) | (295,922) |
| **Change in reserve fund balance** | *(1,108,128)* | (637,618) | 16,820 |
| **Balance,** beginning of year | *6,522,666* | 6,522,666 | 6,505,846 |
| **Balance,** end of year (Note 11) | $ *5,414,538* | $ 5,885,048 | $ 6,522,666 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Consolidated Statement of Cash Flows

| For the year ended December 31 | 2006 | 2005 |
|---|---|---|
| **Operating activities** | | |
| Cash receipts from assessments, levies, penalties and interest on taxes | $ 21,363,509 | $ 20,803,054 |
| Cash receipts from grants, other governments, and own sources | 6,355,225 | 1,799,345 |
| Cash receipts from sale of services and other sources | 8,014,283 | 6,016,562 |
| Cash paid to employees and suppliers | (15,486,270) | (18,320,256) |
| Interest paid | (2,142,017) | (2,083,492) |
| Interest received on investments | 923,756 | 529,238 |
| | 19,028,486 | 8,744,451 |
| **Investing activities** | | |
| Purchase of capital assets | (17,310,599) | (4,377,649) |
| **Financing activities** | | |
| Issuance of long-term debt | 5,000,000 | 2,525,875 |
| Repayment of long-term debt | (1,187,318) | (1,523,748) |
| Development cost charges collected (expended) | 1,004,928 | (37,183) |
| | 4,817,610 | 964,944 |
| **Increase in cash during year** | 6,535,497 | 5,331,746 |
| **Cash and funds on deposit**, beginning of year | 20,474,143 | 15,142,397 |
| **Cash and funds on deposit**, end of year | $ 27,009,640 | $ 20,474,143 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

# Summary of Significant Accounting Policies

**December 31, 2006**

**Basis of Presentation**

The consolidated financial statements of the Municipality are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies for local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

**Reporting Entity**

The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to City Council and which are owned or controlled by the City of Cranbrook.

These consolidated statements reflect the assets, liabilities, revenues, expenditures, changes in fund balance, and cash flows of the reporting entity. In addition to the general City of Cranbrook departments, the reporting entity includes the Cranbrook Public Library.

**Basis of Accounting**

The resources and operations of the Municipality are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it. The current fund reports the general operations of the Municipality. The capital fund is used principally to account for physical assets acquired and the respective obligations incurred which are to be financed from the future revenue of the current fund operations. Reserve funds are generally created, pursuant to applicable statutes or by-laws, by appropriations from current fund operations. The use of these funds are restricted to the purposes for which the reserve funds are created. All interfund balances have been eliminated on the consolidated statement of financial position.

Within the framework of the fund basis of accounting, these financial statements have been prepared on an accrual basis. Under this basis, revenues are accounted for in the period in which transactions or events occurred that gave rise to the revenues. Expenditures are accounted for in the period the goods or services are acquired.

**Funds on Deposit**

Funds on deposit include temporary investments recorded at the lower of cost or market value.

# Summary of Significant Accounting Policies (cont'd)

December 31, 2006

| | |
|---|---|
| **Land Held for Resale** | Land held for resale is stated at lower of cost and market. |
| **Vacation and Sick Pay** | Vacation pay and accumulated sick leave is charged to expense in the year it is earned. |
| **Development Cost Charges** | Development Cost Charge ("DCC") levies are restricted by by-law in their use for providing funds to assist the municipality in paying the capital cost of providing, constructing, altering or expanding sewage, water, drainage and highway facilities and the revenue is deferred until the expenditures are incurred. When DCC expenditures are made, a corresponding amount is recorded in revenue as "Development Cost Charges." |
| **Inventory** | Inventory is stated at cost. Cost is determined on a moving average cost basis. Inventories held by the Municipality are not viewed as financial assets and therefore have been included as expenditures in the period they are acquired on the consolidated statement of financial activities. |
| **Capital Assets** | Capital assets are reported on the consolidated statement of financial position as non-financial assets and are stated at cost other than the Library book collection which is stated at replacement cost. On the consolidated statement of financial activities capital assets are recorded as an expenditure in the year of acquisition. Amortization of capital assets has not been provided for. |
| **Revenue Recognition** | Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.<br>Restricted grants or contributions received under funding agreements which relate to a subsequent period is recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received before this criterion has been met, is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expense is incurred. |

# Summary of Significant Accounting Policies (cont'd)

December 31, 2006

**Financial Instruments**

The Municipality carries several financial instruments. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**Budget Figures**

The budget figures are from the Five Year Financial Plan Bylaw to be adopted each year. They have been reallocated and adjusted to conform to PSAB Financial Statement Presentation. Capital budgeting is project based, therefore capital budget figures do not necessarily reflect the planned revenue and expense for the current year.

**Use of Estimates**

The consolidated financial statements of the Municipality have been prepared in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

December 31, 2006

### 1. Cash and Funds on Deposit

Included in cash and funds on deposit is a sinking fund for IDSA debt repayment in the amount of $1,711,787 (2005 - $1,559,776) which has been invested in a short term GIC with an interest rate of 4.525% per annum. Other amounts included in cash and funds on deposit which have been specifically designated and set aside for internally and externally restricted purposes total $10,462,725 (2005 - $7,590,425).

### 2. Accounts Receivable

| | 2006 | 2005 |
|---|---|---|
| Taxes - current | $ 519,279 | $ 629,498 |
| - arrears | 209,776 | 234,755 |
| - property subject to redemption | 68,899 | 948 |
| Federal government | 1,820,044 | 593,768 |
| Province of British Columbia | 1,768,155 | 204,065 |
| Regional and other local governments | 96,746 | - |
| Other receivables | 1,248,388 | 1,394,163 |
| | $ 5,731,287 | $ 3,057,197 |

### 3. Deposit and Reserve - Municipal Finance Authority

The Municipality issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Municipality also executes demand notes in connection with each debenture whereby the Municipality may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at year end are as follows:

| | 2006 | 2005 |
|---|---|---|
| Demand notes | $ 669,671 | $ 488,743 |
| Cash deposits | 468,355 | 398,875 |
| | $ 1,138,026 | $ 887,618 |

December 31, 2006

## 4. Accounts Payable and Accrued Liabilities

| | 2006 | 2005 |
|---|---|---|
| Federal government | $ 731,733 | $ 718,278 |
| Province of British Columbia | 4,159,862 | 425,913 |
| Regional and other local governments | 26,459 | 24,202 |
| Vacation and accrued benefits payable | 594,797 | 512,641 |
| Other payables | 4,237,156 | 2,542,714 |
| | $ 9,750,007 | $ 4,223,748 |

## 5. Deferred Revenue

| | 2006 | 2005 |
|---|---|---|
| Property taxes | $ 1,687,197 | $ 1,605,085 |
| Sewer Assistance Grant | 271,673 | 391,008 |
| Other | 534,764 | 726,389 |
| | $ 2,493,634 | $ 2,722,482 |

## 6. Development Cost Charges

| | 2006 | 2005 |
|---|---|---|
| Balance, beginning of year | $ 462,452 | $ 499,635 |
| Add: | | |
| Interest earned | 29,850 | 9,016 |
| Development cost charge levies | 981,391 | 247,060 |
| | 1,473,693 | 755,711 |
| Deduct: | | |
| Expenditures | 6,313 | 293,259 |
| Balance, end of year | $ 1,467,380 | $ 462,452 |

**December 31, 2006**

## 7. Capital Lease Liability

| | 2006 | 2005 |
|---|---|---|
| Repayable in monthly instalments with interest at approximately 7.25%, maturing 2030 | $ 20,373,729 | $ 20,689,280 |

Based on the current lease agreement with Keen Rose Technology Limited future minimum lease obligations required on the lease liability for the next five years and thereafter are due as follows:

| | Minimum Lease Payments | Interest | Lease Liability |
|---|---|---|---|
| 2007 | $ 1,693,298 | $ 1,354,870 | $ 338,428 |
| 2008 | 1,722,084 | 1,359,120 | 362,964 |
| 2009 | 1,751,360 | 1,362,081 | 389,279 |
| 2010 | 1,781,133 | 1,363,631 | 417,502 |
| 2011 | 1,811,411 | 1,363,641 | 447,770 |
| 2012 and thereafter | 40,107,599 | 21,689,813 | 18,417,786 |
| | $ 48,866,885 | $ 28,493,156 | $ 20,373,729 |

Subsequent to the year end the City has finalized negotiations with Keen Rose Technology Limited and terminated the public/private partnership agreement and assumed the existing debt obligation (Note 17 and Note 19).

---

## 8. Long-term Debt

| | 2006 | 2005 |
|---|---|---|
| **Debenture Debt**<br>Debenture debt is repayable to either the British Columbia Municipal Finance Authority or the Canada Mortgage and Housing Corporation. Existing debentures mature in annual amounts to the year 2026 and interest is payable at rates ranging from 4.00% to 10.75% per annum. | **$ 13,056,546** | $ 8,784,443 |
| **Loan - Province of British Columbia**<br>Loan interest is currently accrued at a rate of 1.875% per annum. Net proceeds from the sale or lease of Industrial Park land are deposited in the IDSA Debt Repayment Reserve and forwarded to the Province on August 1 each year. Payments are first applied to unpaid interest and any remainder to the loan. Any unpaid interest will be added to the loan on August 1, 2016.<br>In addition, the Municipality is required to deposit $85,000 annually to the IDSA Sinking Fund which will be applied against the outstanding capitalized loan. The current balance of this sinking fund is $1,711,787 (2005 - $1,559,776). | **2,735,965** | 2,885,317 |

## 8. Long-term Debt (continued)

| | 2006 | 2005 |
|---|---|---|
| **Bank Loans** | | |
| Bank loans are primarily comprised of capital borrowings in accordance with S.178 of the Community Charter. Annual payments of principal plus interest at prime less 0.75% are required in November of each year, maturing 2009 | $ 208,890 | $ 386,960 |
| Bank term loan, repayable $1,320 monthly including interest at prime plus 1%, maturing 2008 | 21,096 | 35,024 |
| | $ 16,022,497 | $ 12,091,744 |

Future minimum principal payments and actuarial adjustments required on long-term debt for the next five years and thereafter are due as follows:

| | Debenture Debt | Loan BC | Bank Loans | Total |
|---|---|---|---|---|
| 2007 | $ 709,498 | $ 25,000 | $ 81,120 | $ 815,618 |
| 2008 | 732,385 | 25,000 | 75,816 | 833,201 |
| 2009 | 497,128 | 25,000 | 73,050 | 595,178 |
| 2010 | 497,128 | 25,000 | - | 522,128 |
| 2011 | 495,907 | 25,000 | - | 520,907 |
| 2012 and thereafter | 10,124,500 | 2,610,965 | - | 12,735,465 |
| | $ 13,056,546 | $ 2,735,965 | $ 229,986 | $ 16,022,497 |

## 9. Capital Assets

| | 2006 | 2005 |
|---|---|---|
| Land | $ 5,795,200 | $ 5,869,248 |
| Buildings | 13,972,396 | 10,649,778 |
| Equipment | 18,459,786 | 17,887,375 |
| Engineering structures | 116,447,255 | 104,421,636 |
| Construction in progress | 2,561,865 | - |
| Library book collection | 1,166,555 | 1,216,376 |
| | 158,403,057 | 140,044,413 |
| Assets under capital lease - buildings (Note 7) | 22,142,000 | 22,142,000 |
| | $ 180,545,057 | $ 162,186,413 |

December 31, 2006

## 10. Equity in Physical Assets

| | 2006 | 2005 |
|---|---:|---:|
| Balance, beginning of year | $ 132,672,459 | $ 127,912,614 |
| Capital asset additions | 18,627,144 | 5,662,379 |
| Issuance of long-term debt | (5,000,000) | (2,525,875) |
| Actuarial adjustments | 197,480 | 183,481 |
| Repayment of long-term debt | 1,037,966 | 1,503,747 |
| Change in inventory and collections | (94,359) | 116,067 |
| Disposal of capital assets | (268,501) | (179,954) |
| | 14,499,730 | 4,759,845 |
| Balance, end of year | $ 147,172,189 | $ 132,672,459 |

---

## 11. Summary of Reserve Fund Positions

| | 2006 | 2005 |
|---|---:|---:|
| Airport reserve for future expenditure | $ 102,438 | $ 98,526 |
| Airport improvement fee reserve | 130,569 | - |
| BC Summer Games legacy | 6,039 | 5,809 |
| Cranbrook Festival of Lights | 4,136 | 3,978 |
| Capital projects reserve | 139,603 | 109,702 |
| Employee family assistance program | 5,760 | 4,000 |
| Equipment acquisition reserve | 439,078 | 330,276 |
| Federal gas tax reserve (Note18) | 432,347 | 250,586 |
| Fire capital | 38,217 | 38,217 |
| General land sales | 162,785 | 38,751 |
| General parking lot reserve | 558,055 | 764,654 |
| Grants to organizations | 15,500 | - |
| GST infrastructure reserve | 539,187 | 283,918 |
| Hazardous fuel fund reserve | - | 95,192 |
| Library building | 182,848 | - |
| Library reserve fund | 35,844 | 27,576 |
| Moir Centennial Athletic Park | 46,654 | 288,925 |
| Moir Park reserve | 860,390 | 679,140 |
| Nights Alive program | - | 1,632 |
| Panorama Heights water system | 33,578 | 34,803 |
| Park land acquisition | 29,086 | 15,366 |
| Recreation fields | 3,328 | 2,361 |
| Recapitalization reserve | 323,398 | 104,747 |
| Sewer utility capital reserve | 399,053 | 334,701 |
| Subdivision street signage | 6,425 | 2,025 |
| Tax sale property (MFA refunds) | 1,340,730 | 3,007,781 |
| Winter games - 2008 | 50,000 | - |
| | $ 5,885,048 | $ 6,522,666 |

December 31, 2006

### 12. Credit Facility

The Municipality has a credit facility agreement with a financial institution which provides for a total commitment of $6,500,000. At December 31, 2006, the Municipality had drawn an amount of $Nil (2005 - $Nil) on this agreement.

### 13. Pension Liability

The Municipality and its employees contribute to the Municipal Pension Plan ("the plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 140,000 active members and approximately 51,000 retired members. Active members include approximately 31,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of $789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation of the City of Cranbrook paid $568,009 for employer contributions to the plan in fiscal 2006.

### 14. Trust Funds

The Municipality holds funds in trust for specific uses comprised of the following amounts:

| | | 2006 | | 2005 |
|---|---|---|---|---|
| Westlawn Perpetual Care Fund | $ | **227,039** | $ | 224,143 |
| General Cemetary Care Fund | | **5,338** | | 5,338 |
| Mouseleum Perpetual Care Fund | | **85,925** | | 83,437 |
| | **$** | **318,302** | $ | 312,918 |

The assets and offsetting liabilities are not reflected in the Municipality's consolidated financial statements.

December 31, 2006

## 15. Taxation for Municipal Purposes

Taxation revenue for municipal purposes is comprised of the following amounts:

| | 2006 | 2005 |
|---|---|---|
| Total levies and special assessments | $ 24,134,439 | $ 22,987,941 |
| Transfers to other governments | | |
| Regional District of East Kootenay | 241,545 | 266,960 |
| School District | 6,288,884 | 5,924,474 |
| Regional Hospital District | 664,765 | 480,038 |
| BC Assessment Authority | 151,308 | 142,914 |
| | 7,346,502 | 6,814,386 |
| General municipal purposes | $ 16,787,937 | $ 16,173,555 |

## 16. Expenditures by Object

| | 2006 | 2005 |
|---|---|---|
| Advertising and promotion | $ 140,539 | $ 185,211 |
| Capital acquisitions and materials | 18,571,809 | 5,539,495 |
| Contract services | 7,206,095 | 7,146,707 |
| Contributions to organizations | 318,525 | 347,523 |
| Cost of land sold | 536,209 | 228,262 |
| Debt servicing and financing charges | 2,142,017 | 2,021,772 |
| Insurance | 341,595 | 412,597 |
| Licenses, permits and fees | 19,785 | 19,170 |
| Materials and supplies | 1,909,541 | 1,771,504 |
| Memberships, education and training | 105,957 | 98,221 |
| Professional fees and payments | 360,033 | 320,086 |
| Repairs and maintenance | 858,965 | 588,388 |
| Telephone and utilities | 763,640 | 749,407 |
| Wages and benefits | 9,153,038 | 8,420,982 |
| | $ 42,427,748 | $ 27,849,325 |

## 17. Commitments and Contingencies

### a) Multi-Purpose Recreation Complex - Public/Private Partnership

The City has an agreement with Keen Rose Technology Group Limited to finance and manage a multipurpose recreation centre.

The recreation complex has been recorded as a leased capital asset. The present value of the initial annual minimum lease payments of $1,530,410 has been recorded as a lease liability (Note 7), and the recreation complex has been included in capital assets at its fair market value on inception of the lease of $22,142,000.

The City will guarantee an annual revenue stream of $2,955,265. The initial estimated annual payment for the City, excluding annual indexing for anticipated inflation, was $1,530,410 which included $801,042 to lease the aquatic centre. Contingent payments in excess of the annual payment are included in the annual determination of net revenues (deficit). Contingent payments included in recreation and cultural services expense are $691,696 (2005 - $903,953). Any profits will be shared equally between the two parties.

In December 2004, the City of Cranbrook and Keen Rose Technology Limited entered into an agreement to terminate the public/private partnership agreement pertaining to the finance and management of the multipurpose recreation centre.

The terms of the agreement require that Keen Rose shall cease all responsibility for the management of the multipurpose recreation centre and the City will assume management responsibility. The lease obligation with Keen Rose Technology Limited will cease and the City will assume their existing debt pertaining to the multipurpose recreation centre. Keen Rose Technology Limited shall pay to the City a one-time lump sum termination fee in the amount of $1,709,000.

During the year, the parties continued operating under the original management agreement, but subsequent to the year end the termination agreement was amended and the City took over the operations of the facility (Note 19).

### b) Cranbrook Airport Expansion

In 2005, the City entered into funding agreements with the Provincial and Federal governments in connection with the expansion project at the Cranbrook Airport. The funding agreements total $9,000,000. The total cost of the expansion project is estimated to be $12,200,000. To date, the City has entered into agreements with various contractors and service providers in connection with the airport expansion project. The commitment under those contracts is approximately $3,844,000.

### c) Service Contracts

The Municipality has service contracts with estimated annual minimum payments of $4,406,733 (2005 - $3,597,170).

December 31, 2006

## 17. Commitments and Contingencies (continued)

d) Contingency for Pension Plan Contributions

The City is required to match employee contributions to the Municipal Pension Plan when an employee decides to purchase enrolment arrears for service periods prior to January 1, 1988. The future pension cost for this is unknown and these amounts, if any, will be expensed as payroll costs in future years when paid.

e) Other Contingencies

There are potential lawsuits pending in which the City is involved. It is considered that the potential claims against the City resulting from such litigation and not covered by insurance would not materially affect the consolidated financial statements of the City. These amounts, if any, will be expensed in future years when the claims are settled.

## 18. Federal Gas Tax Agreements

Gas Tax is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Union of British Columbia Municipalities. Gas tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements.

| | 2006 | 2005 |
|---|---|---|
| Balance of unspent funds, beginning of year | $ 250,586 | $ - |
| Amount received during the year | 250,127 | 250,305 |
| Interest earned | 12,039 | 281 |
| Less: Funds utilized | (80,405) | - |
| Balance of unspent funds, end of year | $ 432,347 | $ 250,586 |

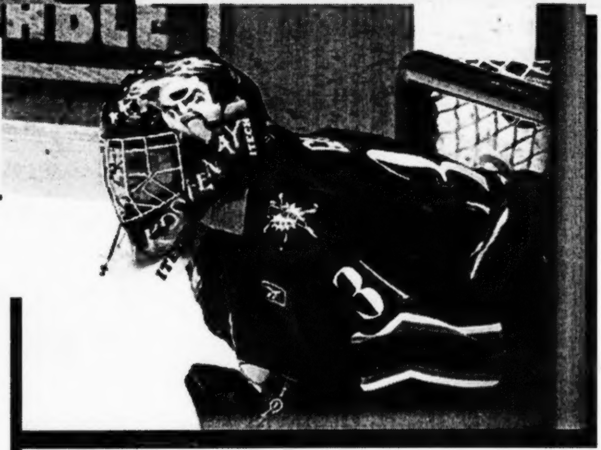
## 19. Subsequent Events

Subsequent to the year end on March 5, 2007, the 2004 Termination Agreement between the City and Keen Rose Technology Limited was amended whereby the one-time lump sum termination fee of $1,709,000 was changed to a single payment of $500,000 plus $100,000 per month commencing April 1, 2007, until the balance is fully paid. On March 5, 2007, the City took over the operation of the Multi-Purpose Recreation Complex from Keen Rose and upon receiving the final payment on the $1,709,000 the City will complete the ownership of the facility and assume full responsibility for the outstanding loans.

# Statistical Review

Canadian Rockies International Airport

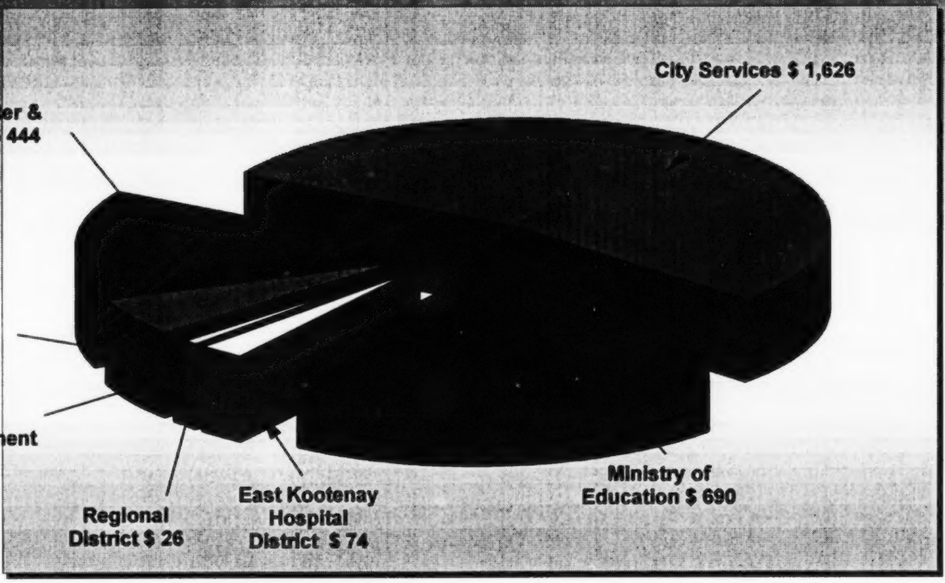
Kootenay Ice Hockey Team



Cranbrook Street Looking South

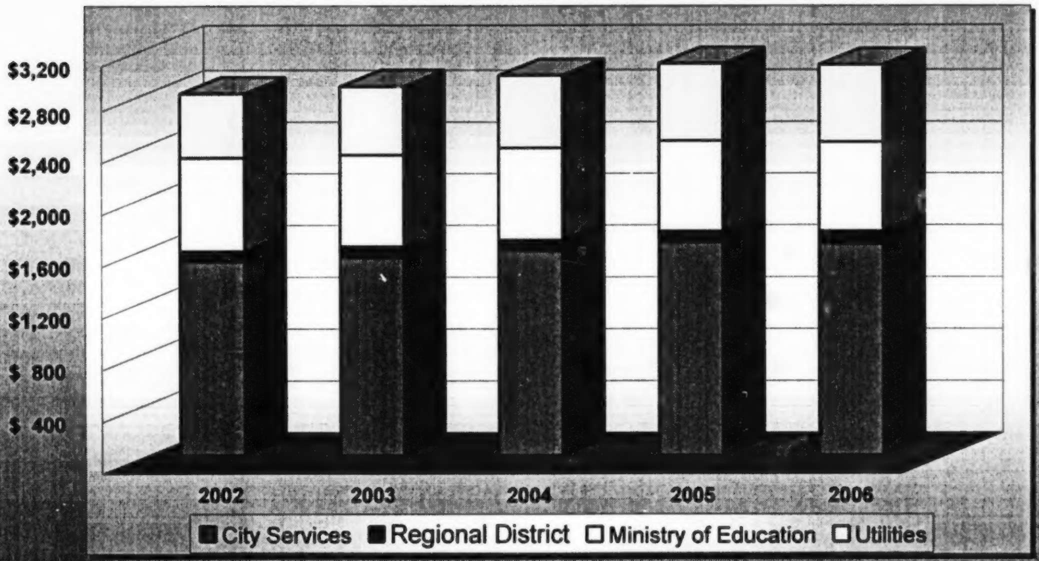
| | |
|---|---|
| Elevation | 918 m |
| Area | 2,272 ha |
| Population | 19,774 |
| Voters' List | 11,286 |

# Statistical Review (cont'd)



## Average Taxes & Utilities

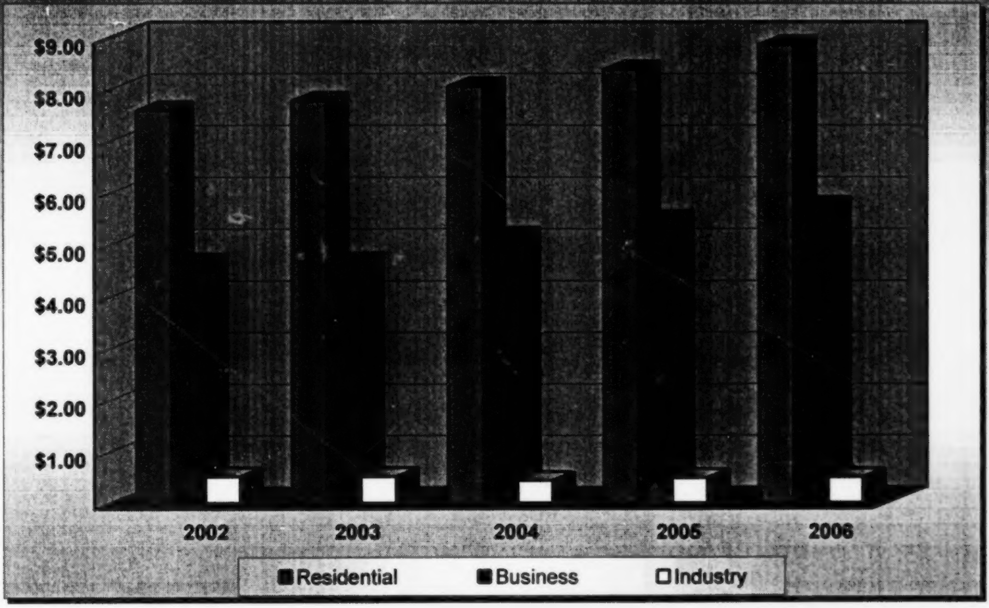
(Before Provincial Home Owner Grant)



# Statistical Review (cont'd)

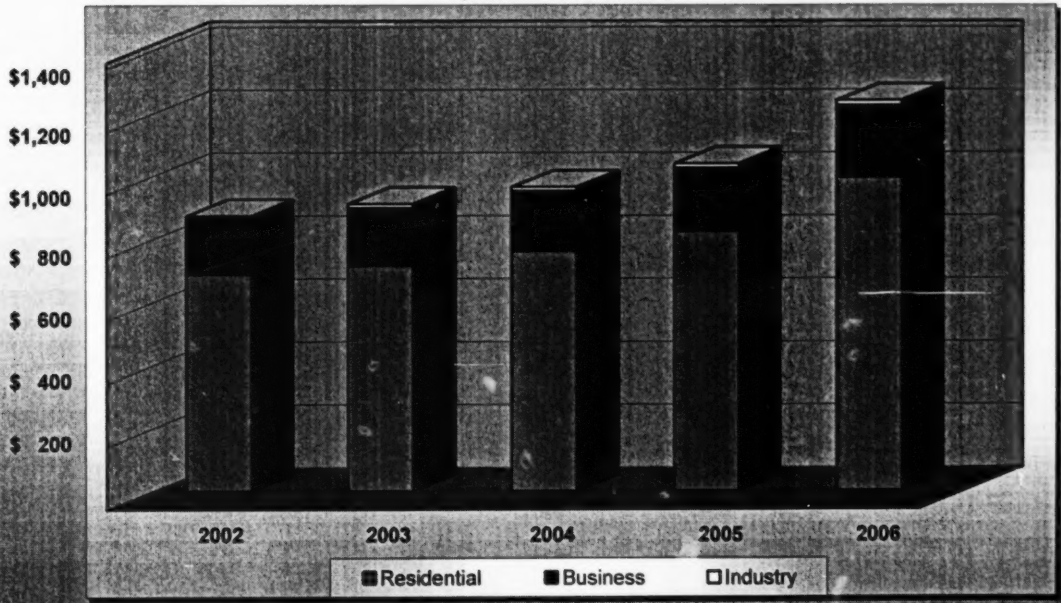
## Property Taxes

(In Millions of Dollars)

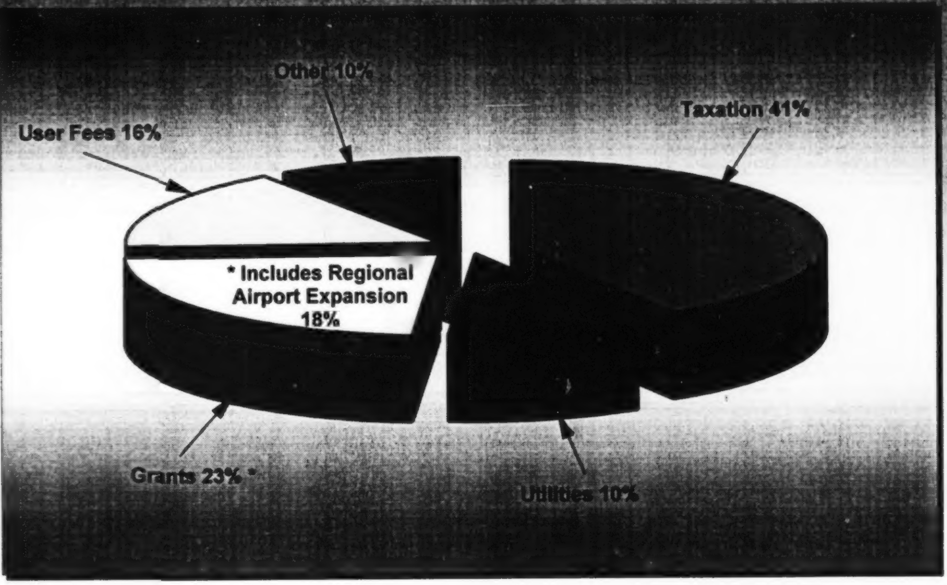


## Assessed Value

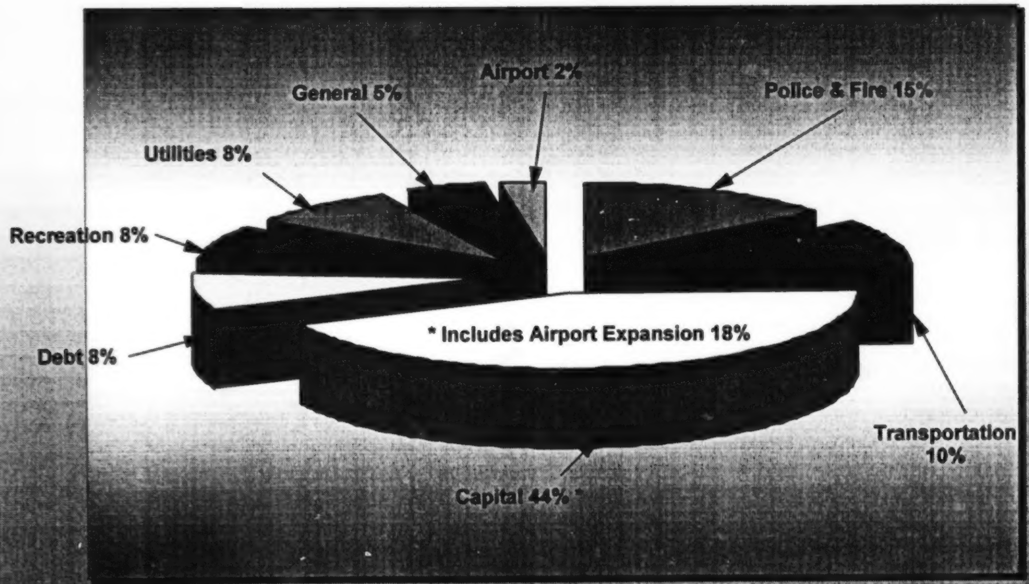
(In Millions of Dollars)



## 2006 Revenue



## 2006 Expenditures



# Statement of 2006 Property Tax Exemptions

n accordance with Section 98(2)(b) of the *Community Charter*, the following properties in the City o
ranbrook were provided permissive property tax exemptions by City Council in 2006.

| Roll Number | Address | Property Tax Exemption Recipient | Value of Municipal Property Taxes Exempted |
|---|---|---|---|
| 259,000 | 219 – 15th Avenue South | J. Fred Scott Villa | $ 1,479 |
| 889,000 | 125 – 10th Avenue South (85%) | Summit Community Services Society | 7,697 |
| 1047,000 | 32 – 13th Avenue South | Cranbrook Women's Resource Society | 1,520 |
| 1118,000 | 39 – 13th Avenue South | Canadian Mental Health Association | 6,296 |
| 1121,000 | 45 – 13th Avenue South | Canadian Mental Health Association | 987 |
| 1595,001 | 20 – 14th Avenue North | Key City Theatre | 42,089 |
| 3873,001 | 1700 – 4th Street South | Dr. F.W. Green Memorial Home | 21,159 |
| 4673,500 | 19 to 27 – 15th Avenue South | Cranbrook Society for Community Living | 33,138 |
| 4675,000 | 1500 – 1st Street South (50%) | Cranbrook Society for Community Living | 911 |
| 8796,100 | 2000 – 4th Street North | Cranbrook Mental Health Tertiary Clubhouse | 3,992 |
| 8796,200 | 2005 – 5th Street North | Tamarack Cottage Mental Health Tertiary Transition House | 7,493 |
| 8850,000 | Kootenay Street North | Cranbrook Alliance Church | 1,577 |
| 9903,000 | 2300 – 2nd Street North | Mountain View Village | 10,144 |
| 9910,000 | 2300 – 2nd Street North | Mountain View Village | 4,611 |
| 10101,000 | 1 Van Horne Street North | Canadian Museum of Rail Travel | 2,770 |
| 18008,000 | 57 Van Horne Street South | Canadian Museum of Rail Travel | 7,680 |
| 18010,000 | 1 Van Horne Street North | Canadian Museum of Rail Travel | 1,553 |
| 18010,500 | CP R/W Lease | Canadian Museum of Rail Travel | 717 |
| 539,000 | 201 – 7th Avenue South | Ruthenian Greek Church | 241 |
| 1040,000 | 38 to 42 – 13th Avenue South | Synod of the Diocese of Kootenay | 1,250 |
| 1102,000 | 2 – 12th Avenue South | Trustees United Church | 412 |
| 1259,000 | 43 10th Avenue South | Roman Catholic Bishop of Nelson | 361 |
| 1822,000 | 328 14th Avenue South | First Baptist Church of Cranbrook | 1,335 |
| 1972,000 | 300 – 10th Avenue South | Foursquare Gospel Church of Canada | 669 |
| 2120,000 | 300 – 6th Avenue South | BC Corp of Seventh Day Adventist Church | 916 |
| 2842,000 | 922 – 11th Street South | Lutheran Church Missouri Synod, Mount Zion Lutheran Church | 1,126 |
| 2967,000 | 501 – 11th Avenue South | Pentecostal Assemblies of Canada | 584 |
| 4525,000 | 2100 – 3rd Street South | Trustees of the Knox Church | 802 |
| 4541,000 | 2200 – 3rd Street South | Mount Baker Congregation of Jehovah's Witnesses | 736 |
| 4800,030 | 2324 – 2nd Street South | Cranbrook Christian Center Society | 2,759 |
| 5829,000 | 533 Slater Road NW | Governing Council Salvation Army | 945 |
| 8809,000 | 2001 to 2008 21st Avenue North | Trust Cranbrook Fellow Baptist Church | 716 |
| 9510,000 | 1200 Kootenay Street North | Christian & Missionary Alliance, Canadian Pacific District | 1,141 |
| 9890,000 | 2210 – 2nd Street North | President of Lethbridge Stake, LDS Church | 1,057 |
| 10189,000 | 629 – 6th Street NW | Gathering of Praise Fellowship | 967 |
| 13016,001 | 1100 – 14th Avenue South | Roman Catholic Bishop of Nelson | 1,269 |
| 3640,000 | 1701 – 5th Street South | Catholic Public Schools of Nelson | 3,790 |

# The Corporation of the City of Cranbrook

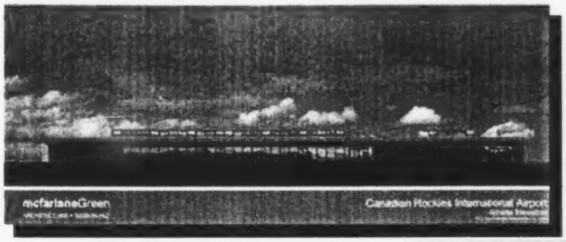
**Section 98 of the Community Charter requires Municipalities to include in their annual report a progress report respecting the previous year in relation to objectives and measures established for that year. The report also sets out current and future year objectives and measures that will be used to determine progress towards those objectives.**

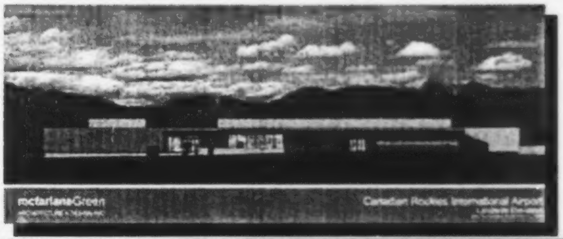
This 2006 annual report includes objectives and measures for 2005, 2006, 2007 and 2008. Achievements from 2005 and 2006 are also included.

## Promote a climate conducive to enhanced opportunity

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Expand the Regional Airport | • Complete negotiations for funding with Federal and Provincial governments | | • Targeted for completion May, 2006 |
| | • Complete detailed design of 8000 ft. runway and Phase I & II of terminal building | | • Substantially complete construction of 8000 ft. runway and Phase I & II of terminal building |
| | • Obtain environmental approvals for airport expansion | • Completed | |
| | • Develop International Marketing Plan including funding | • Hired consultant who is working with the City and Resorts. Plan is funded by WED and Resorts<br>•Renamed airport to Canadian Rockies International Airport | • Complete and implement International Marketing Plan |
| | • Continue negotiations to acquire land from St. Mary's Band to expand Airport to accommodate direct flights from overseas | • Confirmed lands required for 9000 ft. ± extension<br>• Council authorized Mayor, CAO to continue negotiations<br>• 8000 ft. design accommodates inbound direct flights from Europe | |
| Reinforce the City's position as a regional service centre | • Consolidate economic development function within City Administration | • Council authorization received | • Position to be recruited 2006<br>• Initiate Corporate Branding |
| | | | • Facilitate commercial development proposals |
| | • Participate with Regional District of the East Kootenay in PST Reduction/Free Zone negotiations | • Completed without favorable support by Province | |

# 2005, 2006, 2007 & 2008 Key Objectives

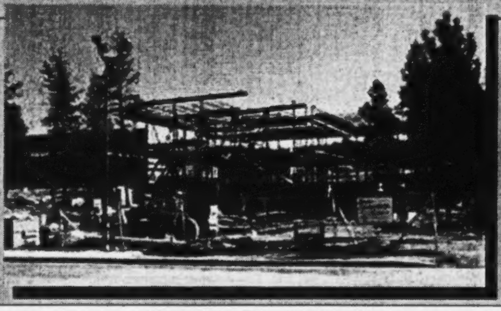




## for economic, social and cultural development

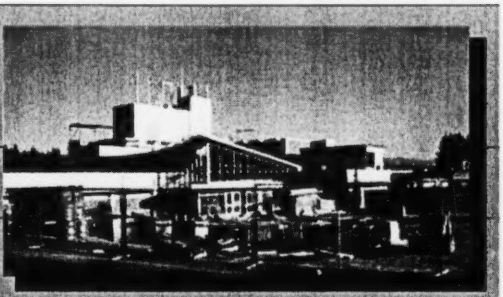
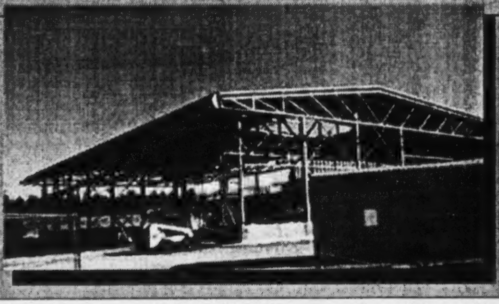
| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • Completed | | |
| • Runway completed October 2006 | • Complete Phase I & II of the terminal building - October 2007 | |
| | | |
| | • Complete and implement International Marking Plan - late 2007 target<br>• Coordinate marketing plan with new Corporate branding | |
| | | • Continue negotiations to acquire land from St. Mary's Band to expand Airport to accommodate round-trip direct flights from overseas |
| | • Mutual Aid Agreement, Fire Services with YVR | • Negotiate, renew YVR Agreement |
| | • Complete Economic Development Plan - Late 2007<br>• Develop Corporate Communications Plan Late 2007<br>• Initiate Corporate Branding<br>• Initiate Major Services Plan including:<br>• Truck stop<br>• Convention Centre<br>• Tournament Centre<br>• Recreation "destination" points (regional) | • Develop and implement Airport lands development strategy - 2008<br>• Complete Commercial/Light Industrial Land Promotions materials – May 2008<br>• Complete and implement Corporate Branding |
| • Home Depot<br>• Best Western<br>• Industrial land sales<br>• Joseph Creek Village expansion | • Facilitate commercial development proposals | |

## Promote a climate conducive to enhanced opportunity

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Reinforce the City's position as a regional service centre (cont'd) | • Protect designated land base for commercial development | • Commercial zoning of land maintained; proposed rezoning of industrial land to increase commercial land base projected for 2006 (Theatre Road/22nd Street) | Theatre Road / 22nd complete |
| | • Facilitate College and Hospital expansion | • Hospital expansion initiated in 2005 and continuing to progress | • College expansion initiated |
| | • Create greater availability of smaller sized (approx 1 acre) light industrial lots | • Subdivision of City industrial land to create greater supply of smaller light industrial lots undertaken in 2005 | • Subdivision of large parcels |
| | • Expand light industrial land base |  | |
| Initiate development of Recreation Centre business plan | • Assume management control of Rec Plex and promote as a Regional Recreation Centre | • Due to Private Partner's ongoing negotiations with Lenders, task has not been completed. Expected to be completed by June, 2006 | • Complete Termination Agreement and assume control of Rec Plex |

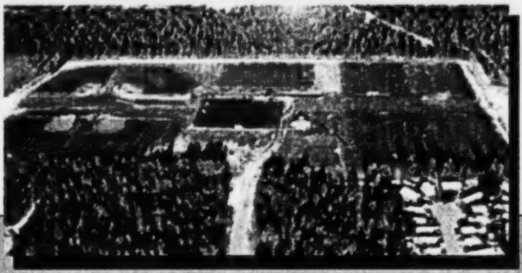
| | | | |
|---|---|---|---|
| Foster cooperative partnerships with other government agencies and organizations to promote development within the City | • Complete negotiations with Ministry of Transportation regarding Cranbrook Street re-alignment and upgrade | • Design of Cranbrook Street upgrade completed in November 2005 | • Contract awarded in 2006 and project scheduled to begin in April 2006 and for completion in October 2006 |
| | | • Successfully negotiated funding partnership with Western Economic Diversification and Ministry of Transportation (BC) to expand airport | • Support and partner to Regional Economic Development Alliance<br>• Support to Southern Interior Development Initiative |
| | | | • Expand key contacts list and develop contacts at both the political and senior government officials level |

## for economic, social and cultural development (cont'd)

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • Theatre Road / 22nd complete | |  |
| • College expansion ongoing<br>• Hospital expansion ongoing | • College expansion ongoing<br>• Hospital expansion ongoing | |
| • Completed and sales strong | | |
|  | | • Boundary expansion to incorporate lands adjacent to the Airport for complementary economic development<br>• Pursue relaxation of existing agreements terms limiting economic development on Airport lands<br>• Initiate acquisition negotiations of future commercial/light industrial lands adjacent to the Airport |
| • Terminal Agreement concluded – March 2007 | • Complete and implement Recreation Centre business plan to include:<br>- Quality service plan<br>- Comprehensive maintenance plan<br>- Retain and attract tenants and partnerships associated with complementary services; seek partnership with Key City Theatre<br>- Develop and implement marketing strategy for major events<br>- Improve floral areas<br>- Negotiate Operating Agreement with Curling Club | • Complete and implement business and marketing plans for tournament facilities – subject to placement of marketing coordinator |
| | | |
| | • Support and partner to Regional Economic Development Alliance<br>• Support to Southern Interior Development Initiative | • Support and partner to Regional Economic Development Alliance<br>• Support to Southern Interior Development Initiative |
| • Ongoing (re: boundary expansion), Treaty negotiations, MLA | • Northern boundary expansion successfully completed | |

## Promote a climate conducive to enhanced opportunity

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Develop mid-range (to 2020) planning and development framework | • Initiate and draft Community Vision, initiate public validation process | • Community Vision complete | • Complete Corporate 3 year business plan<br>• Complete Official Community Plan |
| Organize community-wide celebrations and legacy projects to celebrate Cranbrook's 100th Birthday in 2005 | • Complete Moir Centennial Athletic Park Legacy Project | • 75% Completed, plan to complete remaining 25% in 2006. Weather conditions and late notice on funding held up the project | • Completion of Moir Centennial Athletic Park |
| | • Establish Centennial Committee and Centennial budget and support implementation of projects | • Centennial Committee supported, numerous projects supported and complete | |
| 'Skyline to Skyline' concept | | | • Explore creative approaches to annexation, continue to oppose fractionalization of rural lands<br>• Initiate review of growth options for boundary expansion |
| New Development | | | • Facilitate responsible development of new, mixed residential areas |



## Provide a safe and healthy community

| | | | |
|---|---|---|---|
| Develop partnerships within the community to identify, develop and support related initiatives aimed at improving community and individual health and safety | • Actively partner within the West Nile Virus Mosquito Control Program | • The City is an active participant with Interior Health and other agencies in monitoring for the advent of West Nile Virus within B.C. and specifically the East Kootenay area | • Actively partner with the West Nile Virus Mosquito Control Program |
| | | | • Family Resource Center support (UBCM funded through Better Babies) |
| | | | • Develop Active Communities Committee - register with Province |
| Ensure adequate policing resources | | | • Develop Council endorsed 2006/2007 policing objectives<br>• Initiate quarterly activity reports – RCMP Detachment<br>• Maintain contract with Government of Canada for 24 officers |

## for economic, social and cultural development (cont'd)

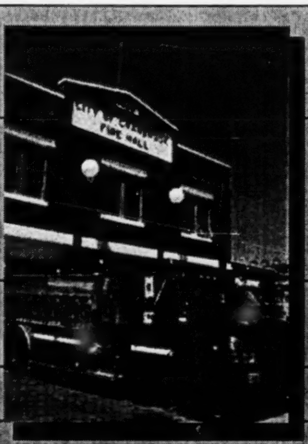
| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • Complete rolling 3 year business plan<br>• Official Community Plan adopted in August<br>• Periodic Council workshops to verify priorities<br>• Five Year Financial Plan complete | • Complete rolling Corporate 3 year business plan<br>• Initiate downtown priorities planning | <br>• Complete downtown priorities plan |
| • Operational September 2006 | • Continue to upgrade Moir Centennial Athletic Park working with Park users | |
| | | |
| • Work with Ministry on desirable tax scenarios for newly acquired lands<br>• Focus on support to northern boundary extension and eastern development potential<br>• Provide planning support to development industry | • Review opportunities for increasing industrial land supply<br>• Long term growth management strategy<br>• Complete northern boundary expansion<br>• Support development plan for eastern boundary expansion<br>• Pursue management control of watershed | |
| | • Facilitate responsible development of new, mixed residential areas | • Facilitate responsible development of new, mixed residential areas |

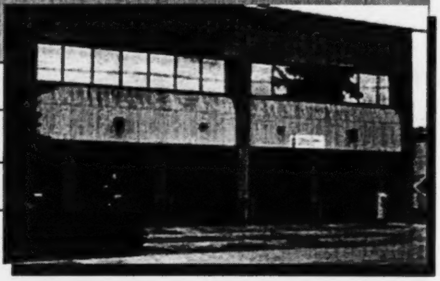
## for both citizens and visitors

| | | |
|---|---|---|
| • Anticipate $45,000 total expenditure for Mosquito Control Program | • Actively partner with the West Nile Virus Mosquito Control Program | |
| | • Support implementation of Family Resource Center | |
| • Developed Active Communities Committee – registered with Province, pursuing funding through UBCM for coordinator. | • Through Active Communities Committee develop plan to increase physical activity of community citizens | |
| • General objectives complete<br>• Periodic reports to Council (open meeting) completed<br>• Done | • Maintain contract with Government of Canada for 24 officers<br>• Increase Municipal Employee staff by 0.5 | • Increase to 25 officers, increase the staff by one (this has NOT been budgeted)<br>• Increase Municipal Employee staff by 0.5 |

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Ensure adequate policing resources (cont'd) | • Improve working relationship with BC Ambulance Service | • Liaised with BC Ambulance to ensure call-out procedures were followed | |
| | • Monitor First Responder call-out procedures | • Implemented monthly call volume reporting to Council | • Continue monthly call volume reporting<br>• Liaise with IHA in development of pandemic response plan (IHA lead role) |
| | • Explore and advocate tri-services emergency facility (police, fire, ambulance) | • In progress. Expanding scope of project for consideration of additional services | • Prepare tri-services concept plan for Council consideration (based on positive partner interest) |
| | | | • Review and consider implementation of "Bylaw Dispute Adjudication Forum" |
| Ensure public safety in the design and maintenance of public places and assets | • Replace Rotary Park Wading Pool with Splash Pad | • Project Completed | |
| | | | • Work with Communities in Bloom in planning and promoting Trees for Life |
| | • Provide shade shelter at Kinsmen Spray Park | • Project Completed | |
| | • Implement Council approved recommendations of Traffic Safety Committee | • All Council approved Traffic Safety Committee recommendations were implemented | • Implement Council approved recommendations of Traffic Safety Committee |
| | • Develop safe parking & pedestrian corridors in downtown core | • Detailed designs for 3 of the City's downtown public parking lots were completed | • Construction of these designs to be tendered in April 2006 and completed by August 2006 |
| | • Complete downtown parking study and initiate implementation | | • Enhance lighting in downtown parking areas |
| | • Provide safe public environments in and around public facilities (parks crews maintain safe sight lanes in park areas, tobacco free zones) | • Low elevation branches pruned – tobacco free zone signs installed | • Maintain clear sight lines (roads, alleys, sidewalks, pathways) |
| | • Improve water quality monitoring within potable water system | • First Phase of SCADA (Supervisory Control & Data Acquisition) System constructed | • Upgrade SCADA system<br>• Implement well head protection plan and continue with all monitoring required by operating certificate |
| | | | • Complete and implement comprehensive public safety information programs (i.e. stream flow, school zones) |
| | | | • Work with Early Childhood Development Committee in planning and upgrading ACT Playground |

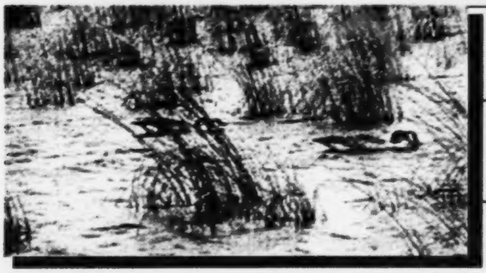
## for both citizens and visitors (cont'd)



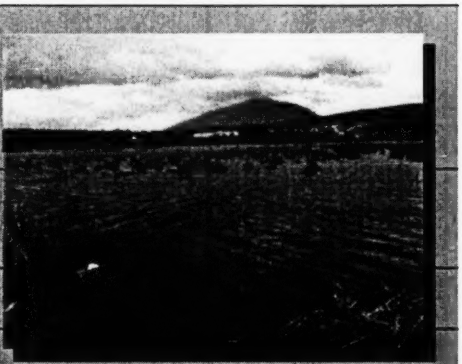
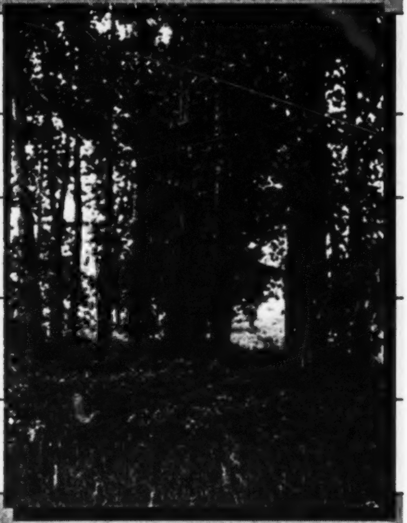


| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| | | |
| • Monthly call volume reported<br>• Ongoing IHA initiative, anticipate plan completion 2008 | • Continue monthly call volume reporting<br>• Liaise with IHA in development of pandemic response plan (IHA lead role), ongoing IHA initiative, anticipate plan completion 2008 | |
| • Deferred by Council | • Complete service/asset review, including building renovation plans and fleet replacement schedule | |
| • Not Complete | | |
| | • Mutual Aid agreements negotiated and implemented<br>• Airport (YVR)<br>• Fort Steele<br>• Kimberley (update)<br>• Review/update RDEK Fire Service agreement | |
| | | |
| • Nine trees planted to September 2006 (first year) | • Work with Communities in Bloom in planning and promoting Trees for Life | |
| | | |
| • Completed as directed | • Implement Council approved recommendations of Traffic Safety Committee | |
| • Completed 8th Avenue lot, September 2006 (budget limitation) | • Complete 9th Avenue and McKinnon parking lots<br>• Possible addition of Library parking lot | |
| • 8th Avenue lot complete | • Improve lighting to McKinnon parking lot | |
| • Ongoing operation initiative | • Maintain clear sight lines (roads, alleys, sidewalks, pathways) | |
| • 2006 planned upgrade completed in December<br>• Anticipate completion late 2006<br>• Monitoring ongoing according to operating certificate | • Continue upgrade | • Continue upgrade |
| • Incomplete<br>• Added Animal Control Bylaw, amendment to Parks Bylaw for signage, Business licensing proposal | • Continue public safety information programs | |
| • Complete; anticipate late 2007 installation | | |

## Provide a safe and healthy community

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Encourage initiatives that respect the natural environment and contribute to keeping it "clean and green" | • Facilitate community based initiatives to protect and/or enhance parks and natural areas. (Yellow Fish program, naturalization of Joseph Creek within municipal limits, continue naturalization of Elizabeth Lake) | • Yellow Fish Signs installed | • Elizabeth Lake:<br>• Partner to restore a healthy functional ecosystem<br>• Restore native grasses & control noxious weeds |
| | | • Facilitate Joseph Creek Community Action Team (JCCAT) re Joseph Creek Naturalization test section | • Facilitate implementation/construction of test section, revamp mowing schedule |
| | | • Completed, worked with School District, Communities in Bloom and Community Organizations | |
| | • Re-initiate corporate support and involvement in "Pitch-In" | | • Take leadership role in "Pitch-In" BC |
| | | | |
| Address fire safety issues relating to the forest and community interface | • Participate with Regional District of East Kootenay and Crown in fuel load reduction program in areas adjacent to City limits | • Conducted RDEK hazardous roof assessment in Fire Protection Area | |
| | • Complete fuel load reduction strategy on City owned lands and initiate | • Conducted joint FireSmart Public Education sessions | • Continue work with forestry company to remove insect infested timber and control insect infestation in forested areas of the watershed |
| |  | • Community Wildfire Protection Plan adopted by Council April 2005/strategic plan concerning City properties developed | • Develop on-going maintenance plan for interface properties |
| | | • McLeary Park, 8th Ave, Ind. Park, Airport fuel management projects initiated | • Create wildfire hazard development permit area<br>• Complete 8th Avenue, Industrial Park, Airport fuel management project |
| Work with key community organizations including the College of the Rockies, Downtown Business Association, the School District, and the Chamber of Commerce to identify common goals and strategic opportunities for combining efforts on achieving related community objectives | • College of the Rockies:<br>• Complete long term management strategy for Track | • Completed, worked with College and SD #5 staff to develop a 5 – 10 year plan for maintenance of the Track | |
| | | | • Work with art community in developing Phase I – Arts Now Cultural Scan |
| | • Continue development of Fire Training Program, complete market potential analysis | • COTR market potential analysis completed | • Complete and initiate implementation of growth plan for the College Fire Training program |
| | • Initiate meetings between Administrations to review and discuss common objectives | • MOU re: First Nations regional development consultation complete (initiated by RDEK)<br>• Kimberley/Cranbrook Council/Admin meetings held<br>• MOU with St. Mary's Band to work in a cooperative manner re: airport expansion | • Build Inter-Administration local network |

## for both citizens and visitors (cont'd)

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • Partner with Rocky Mountain Naturalist<br>• Former ball park site re-grassed | • Elizabeth Lake:<br>• Continue to work with Rocky Mountain Naturalists in restoration of ecosystem; educate public and encourage stewardship of local landowners<br>• Upgrade walking trails |  |
| • Complete | | |
| | •Support Communities in Bloom projects | |
| • Complete, "Pitch-In" week | | |
| | • Contract development of Community Forest management plan | |
| | |  |
| • Ongoing | • Reassess logging procedures in watershed to contain costs/improve practices | |
| • Five year maintenance plan in place | | |
| • Complete (OCP)<br>• Complete | | |
| | • Liaise with local forest companies, UBCM, property owners, and Province to pursue interface fuel reduction on lands adjacent to City limits | |
| | • Include $5,000 commitment to track maintenance | |
| • Being reviewed | • Work with arts community to complete – Arts Now – Scan | • Work with arts community in developing Phase 2 – Arts Now – Implementation Plan |
| • Stabilizing higher return programs with COTR | • Continue liaison capacity with COTR, explore, training opportunities expanded | |
| • Kimberley/Cranbrook periodic meetings<br>• LGMA (Rocky Mountain)<br>• Support regional CAO network | •Support regional CAO network | |

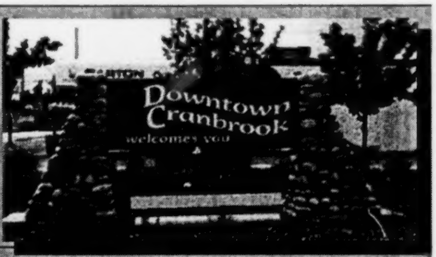
## Strengthen the City's

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Work with key community organizations and user groups including the College of the Rockies, Downtown Business Association, the School District, and the Chamber of Commerce to identify common goals and strategic opportunities for combining efforts on achieving related community objectives (cont'd) | • Downtown Business Association (DBA):<br>• Invite comments from the public on downtown festive lighting, streetscape, trees, shrub beds | • Met with members of the DBA and received input related to the detailed designs of the City's Downtown public parking lots | • Continue implementation of Downtown parking upgrade<br> |
| | • School District:<br>• Discuss opportunities with the School District to increase efficiencies in the use of resources through a joint operations agreement<br>• Negotiate and implement mutually beneficial open space management initiatives | • Initial discussions occurred with sharing of gym space during day-time programming; maintenance agreement for College Track<br>• SD not increasing open space at this time, low enrolment numbers – less schools required; City did assist with funding for play equipment at Kootenay Orchards School | |
| | | | • Partner with Kimberley in developing 2008 BC Winter Games Committee – President and Directors |
| | | • Worked with Communities in Bloom and Schools to add trees and shrubs to existing facilities | |
| | • Chamber of Commerce:<br>• Encourage active participation in the Official Community Plan and Economic Development Strategy | | • Focus group formed in early 2006 including representatives of the Chamber of Commerce, Downtown Business Association and College of the Rockies to provide for direct input in the completion of the Official Community Plan |

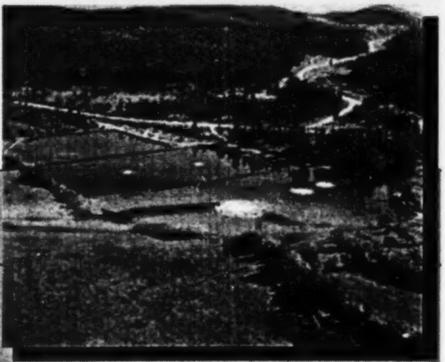
## Provide long-range and short-term infrastructure plans to respond to growth as

| | | | |
|---|---|---|---|
| Prepare a long-range financial policy to provide sustainable funding to meet future infrastructure requirements | • Introduce ¾% solution over 10 years and establish Recapitalization Reserve | • Approved by Council as part of Five Year Financial Plan | • Review infrastructure funding including senior government funding<br>• Draft local improvement vs. planned replacement strategy |
| Prepare an asset management plan including local infrastructure and a strategy for implementation | • Complete attribute data structure for roads, water and waste water utilities | • Started work on gathering available data to develop an inventory of existing utilities | • Asset Management Plan to be substantially complete by September (sewer, water, roads) |
| | • Populate attribute data structure with existing information | | • Complete attribute database<br>• Initiate priority replacement plan<br>• Initiate comprehensive Geographic Information System |

## community partnerships

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • 8th Avenue lot complete<br> | • Work with DBA on implementing Cranbrook Arches at the 9th Ave. entrance to Downtown<br>• Improve Downtown lighting and pedestrian corridors |  |
|  | • Work with School District to standardize Fee Schedule with District and City facilities |  |
| • Complete Committee appointments | • Work with 2008 BC Winter Games Committee in the planning of the Joint BC Winter Games |  |
|  |  |  |
| • Done<br>• Supported development of 2006/2007 Chamber of Commerce Business Plan | • Continue support through CAO active membership to Board of Directors |  |

## well as to meet the current needs of the City residents and businesses

|  |  |  |
|---|---|---|
| • Incomplete<br>• Incomplete | • Review infrastructure funding including senior government funding<br>• Draft local improvement vs. planned replacement strategy |  |
| • (to December 2006, balance to 2007) | • Continued refinement of Asset Management Plan to include peripheral infrastructure (i.e. reservoirs, lagoons, treatment facilities) |  |
| • Roads December 2006 | • Sewer, water 2007<br>• Initiate priority replacement plan – 2007 | •Initiate Comprehensive Geographic Information System |

## Provide long-range and short-term infrastructure plans to respond to growth as

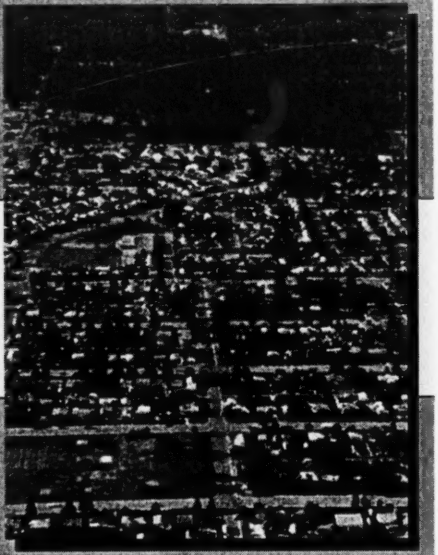
| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Prepare an asset management plan including local infrastructure and a strategy for implementation (cont'd) | • Review the Local Improvement Bylaw to encourage residents to assist in the upgrade of local utilities and roads | • Survey was conducted of residents on 27A Ave. for support of a water main replacement project under the Local Improvement Bylaw. Very minimal support was garnered | |
| Develop a preventative water and sewer maintenance program | • Implement initial phases of water/sewer maintenance program | • Software purchased and populated for fire hydrant and main line valve inventory and maintenance activities | • Implement electronic leak detection program<br>• Implement recommendations of Effluent Management Study<br>• Continue potable water system improvement (and pressure reducing station) |
| Address utility capital projects based upon expected growth and economic, environmental, and health factors | • Request and pursue direct discussion/ negotiations with IHA re: implementation requirements of Drinking Water Protection Act and Regulations | • Discussions were ongoing throughout the year with IHA regarding meeting requirements of Drinking Water Protection Act. City staff attended IHA organized working sessions along with other water purveyors in the region to achieve a positive working relationship | • Determination of water and sewer supply needs for future growth |

## Promote financial planning and management policies that

| | | | |
|---|---|---|---|
| Implement a two-year municipal budget process within the structure of the Five Year Financial Plan | • Complete Five Year Financial Plan within time requirements to satisfaction of Council | • Significant advances have been made by Staff and Council in preparing Five Year Financial Plans | |
| Set short-term and long-term financial targets for the City | • Establish emergency utility fund surplus limits policy<br>• Prepare Recapitalization Reserve Fund Bylaw for ¾% recapitalization fund | • Informal emergency limits have been established through budget discussions, Policy still needs to be adopted by Council<br>• Done | |
| Review and adjust City fees and charges | • Submit following Fees & Charges proposed adjustments in 2005:<br>• Engineering and Planning<br>• Leisure Services<br>• RCMP<br>• FOIPP<br>• Bylaw Enforcement/Licensing<br>• Airport | • Fees and Charges adjusted for Engineering and Planning; RCMP; FOIPP; and Airport | • Adjustment of Fees and Charges for Leisure Services pending further review after City takeover of Rec Plex<br>• Bylaw Enforcement and Licensing fees and charges to be reviewed |
| Revise City grant policy to enhance accountability | | | • Council to assess annual grant requests |

## well as to meet the current needs of the City residents and businesses (cont'd)

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
|  | • Update Local Area Service Bylaw |  |
| • Not initiated | • Implement leak detection program |  |
| • Implemented, did not achieve expected results | • Implement recommendations of Effluent Management Study |  |
| • Industrial Park loop line complete | • Two PR stations |  |
| • Incomplete | • Determination of water and sewer supply needs for future growth<br>• 5, 10, 15, 20 year horizons to be developed |  |



## protect the City's financial health for the City's taxpayers

|  |  |  |
|---|---|---|
| • Five Year Plan complete | • Five Year Plan to be completed |  |
| • Done |  |  |
| • Draft submitted to Council, action pending Rec Plex takeover |  |  |
| • Business Licensing proposal to Council year-end 2006 |  |  |
| • Reduction Strategy re-assessed by Council | • Council to assess annual grant requests |  |

## Promote financial planning and management policies that

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Continuous updating of Information Technology | | | • Update computer communications links between City buildings<br>• Replace 50% of the City's workstations |

## Focus efforts on developing and maintaining

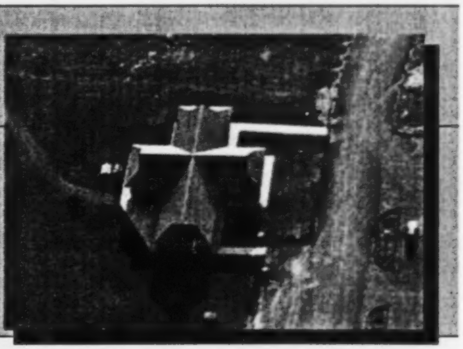
| | | | |
|---|---|---|---|
| Work towards relocating library services to a facility that better meets current and future community needs | • Complete negotiations to purchase appropriate building | • November 2005, referendum approved purchase of building from BCBC for new library | • Complete construction of Library and relocate library operations<br>• Demolish existing Library building |
| | • Conduct referendum | • Completed | |
| | • Complete contract for library schematic design | • Completed | |
| | • Complete agreement with RDEK for joint funding | • RDEK had their own referendum in 2005 election and approved 20/80 funding participation in new library | |
| Seek opportunities to involve the RDEK in providing local and regional leisure and recreation services in Cranbrook | • Administrations to review full range of leisure and recreation services utilized by RDEK ratepayers and discuss balanced participatory funding | • Not completed. A review and suggestion made to Council regarding Fee Schedule. Council not to address until City takes over the Rec Plex | • Review potential participation of RDEK in major facilities funding |
| Work toward the completion of the Moir Centennial Athletic Park | • Complete Moir Centennial Athletic Park | • 75% Completed, plan to complete remainder 25% in 2006. Weather conditions and late notice on funding held up the project | • Complete Moir Athletic Park with funds remaining from 2005; work with user groups to enhance the park |
| | • Continue to work with Sunrise Rotary to complete field house at Moir Centennial Athletic Park | • Field House is 90% complete. Still waiting for some funding, will complete inside of facility and be ready for use as of Spring 2006<br>• Funds were obtained in 2006 from Spirit of BC Legacy Now to assist in completing the Moir Park Project | |
| Update municipal infrastructure replacement funding strategy | | | |
| Continue development & improvement of the Cycle/ Walk Trail System | • Complete policy regarding maintenance of Cycle/Walk Trail | • Completed and adopted by City Council. Policy #069-05 | |

## protect the City's financial health for the City's taxpayers (cont'd)

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • Reviewed numerous options including third party providers, no satisfactory option to date<br>• Lease expired, retained workstations, acquired 3 servers | • Replacement of telephone system<br>• Replace the remaining workstations<br>• Supply emergency power from RCMP generator to City's servers<br>• Implement File Management Plan including records retention and disposal system | |

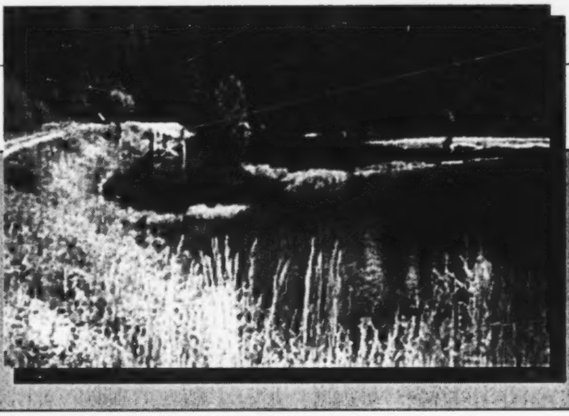
## key community facilities / services

| | | |
|---|---|---|
| • Construction completed October, 2006<br>• Anticipate mid 2007, depending on funding approval | | |
| • No progress to date | | |
| • Operational September 2006 | • Work with user groups of the Park and community to focus tournaments and events to Moir Park<br>• Grand Opening Summer 2007 | |
| | • Review and recommend local area service improvement funding vs. planned replacement of existing municipal infrastructure | |



## Focus efforts on developing and maintaining

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Continue development & improvement of the Cycle/ Walk Trail System (cont'd) | • Review and update master plan | • Parks and Recreation Commission and the Cranbrook Rotary Club reviewed the Cycle/Walk Trail Master Plan. Both groups felt that a total review was out of their scope. Recommend that a Consultant be hired to review and make recommendation to Council. Funding has been included in the 2006 budget for this process | • Contract Consultant to review and update Cycle/Walk Trail Master Plan |
| Increase the use of public transit | • Install bike racks on Transit buses | • Completed | |
| | • Continue to monitor and adjust routes and schedules to maximize use | • On-going consultation with BC Transit and Transit operator | • Continue to monitor and adjust routes and schedules to maximize use |
| | | | • Continue negotiations for U-Pass implementation; College student referendum planned for 2006 to implement U-Pass. Implement U-Pass |
| | | | • Test alternate bus designs |
| Protect City's watershed | | | |



## Promote City

| | | | |
|---|---|---|---|
| Set an example by directing a portion of capital expenditures toward the improvement of visual qualities of public property | • Update parking fund bylaw to expand potential application to enhance visual qualities of public parking lots | • Parking fund bylaw was amended to include more availability of funding from the Downtown Parking Reserve | |
| | | | |
| | | • Gateway sign/park development initiated at north entrance to the downtown (Centennial Garden) through use of Downtown Parking fund | • Complete gateway sign/park development at north entrance to the downtown<br>• Install two new "Welcome to Cranbrook" freestanding signs in Regional District on Highway 95 and 3 approaches from Fernie and Wasa |
| Increase enforcement of City bylaws concerning the maintenance & appearance of land & buildings | • As stated | • Increasing public awareness of requirements for the maintenance and appearance of land and buildings; on-going | • Initiate public information program for City bylaws (property cleanup, dog licensing/control, school zones) |

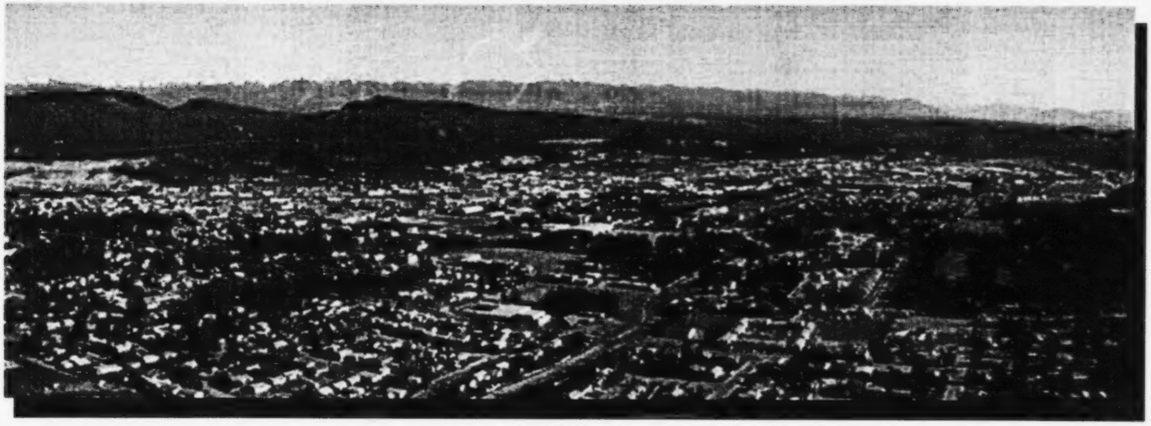
## key community facilities/services (cont'd)

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • Complete November 2006 | • Develop a section of the new Cycle/Walk Trail | |
| | | |
| • Ongoing | • Continue to monitor and adjust routes and schedules to maximize use | |
| • College student referendum passed<br>• Done | | |
| • Ongoing<br>• Councillor site/manufacturer review organized | • Advocate for appropriate fleet replacement | |
| | • Extend/improve watershed fencing<br>• Review fine schedule for trespass in City watershed<br>• Pursue watershed ownership/direct management responsibility<br>• Pursue elimination of AMU's in watershed<br>• Secure diversion structure<br>• Continue close work with Galloway re: bug kill removal | |

## beautification

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| | | |
| | • Introduce concept of capital budget percentage (e.g. 0.5%) dedicated to community visual qualities (entrance signs, parks and public spaces, flower beds, urban reforestation) | |
| • Complete | | |
| • Incomplete | • Complete re-skin of two "Welcome to Cranbrook" signs | |
| • Incomplete | • Initiate public information program for City bylaws (property cleanup, dog licensing/control, school zones)<br>• Increase publication of targeted bylaw enforcement issues (eg. unlicensed vehicles in the City, responsible pet care) | |

| Objectives | 2005 Measures | 2005 Achievements | 2006 Measures |
|---|---|---|---|
| Review City owned land and facilities and identify ways to upgrade appearance | • Replace City Hall roof | • Completed | • Upgrade floral displays on public property |
| | • Replace sidewalk at main entrance at City Hall | • Completed | |
| Review City bylaws in the interest of improving the quality of the built and natural environment | • Continue Official Community Plan review and development | • Draft Official Community Plan completed | • Adopt Official Community Plan |
| Encourage volunteer efforts to improve the appearance of private property | • Support Winter Lights Festival and Communities in Bloom | • Leisure Services worked with Communities in Bloom in receiving grants to develop Centennial Garden (Completed) | • Review benefits of requirement for in-ground irrigation systems for new home construction |
| | | | • Continue to partner with Winter Lights and Communities in Bloom |
| | | | • Promote annual clean-up day and beautification of private areas |



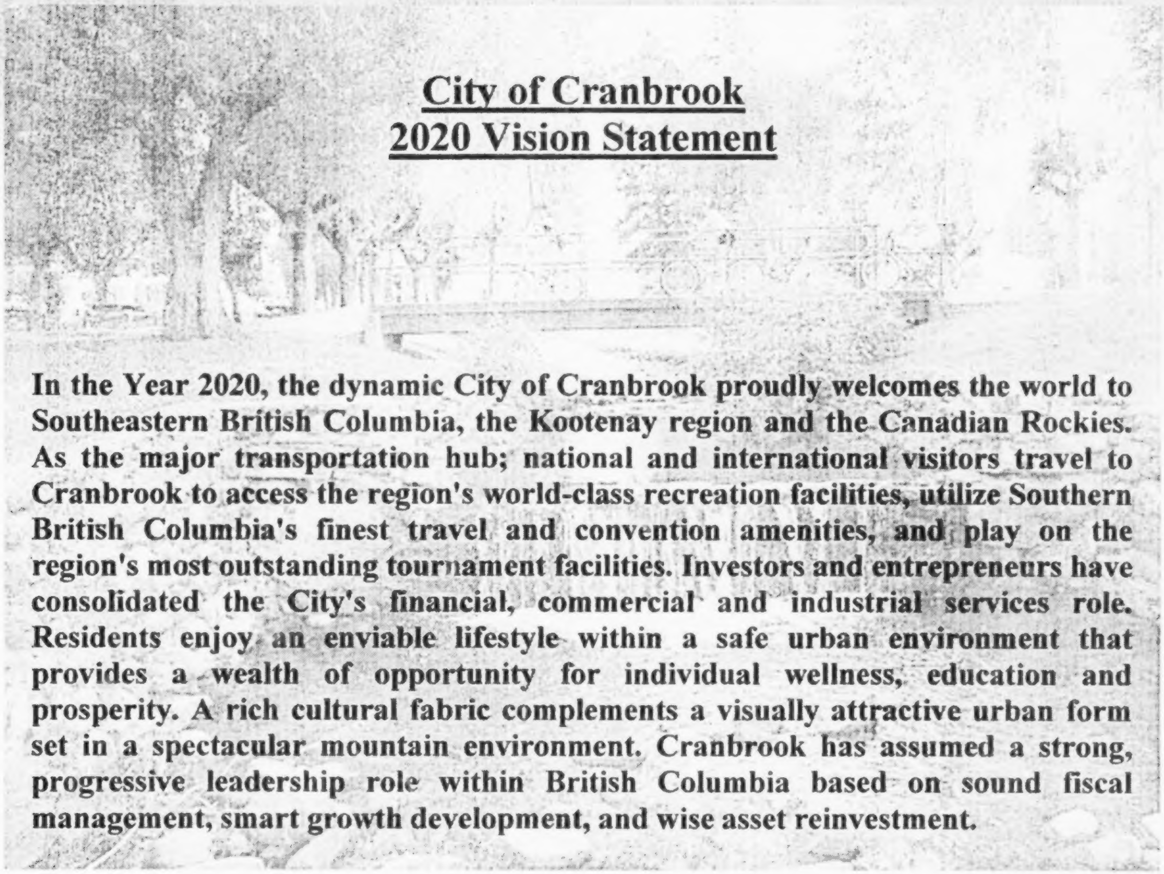
## beautification (cont'd)

| 2006 Achievements | 2007 Measures | 2008 Measures |
|---|---|---|
| • City Hall, north entrance, assistance with Centennial gardens, expand hanging basket program | | • Conduct a full review of the Parks and Recreation Master Plan to include facilities, programming, parks and landscaping |
| | | |
| | •Replace/enhance landscaping on Baker Street and City Hall | • Replace/enhance landscaping on Baker Street and City Hall |
| • Complete | • Initiate review of Zoning Bylaw | • Complete review of Zoning Bylaw |
| • Incomplete | • Review benefits of requirement for in-ground irrigation systems for new home construction | |
| • Complete Communities in Bloom, Winter Lights volunteer committee deferred | • Continue to support community festivals which bring the Community together. Funding for Canada Day, Sam Steele Days, Children's Festival, etc. | |
| • Complete | • Promote annual clean-up day and beautification of private areas | |
| | • Continue tree planting program Moir Park, plan and implement floral display at entrance to Moir Park | |

# City of Cranbrook

# Mission Statement

**The Council and Staff are committed to the continuing development of the City of Cranbrook as a successful and progressive community, and to preserving, and further enhancing the high quality of life enjoyed by the Citizens. Council will be responsive to concerns and provide an informed and committed leadership. A competent, skilled staff of high integrity will use available resources as efficiently as possible, providing high quality services to meet the needs and address the concerns of residents and employers. Council and Staff will work cooperatively with the Citizens of the City of Cranbrook, organizations within the community, other municipalities and other levels of government in order to achieve the maximum benefit for the community.**



# City of Cranbrook
## 2020 Vision Statement

**In the Year 2020, the dynamic City of Cranbrook proudly welcomes the world to Southeastern British Columbia, the Kootenay region and the Canadian Rockies. As the major transportation hub; national and international visitors travel to Cranbrook to access the region's world-class recreation facilities, utilize Southern British Columbia's finest travel and convention amenities, and play on the region's most outstanding tournament facilities. Investors and entrepreneurs have consolidated the City's financial, commercial and industrial services role. Residents enjoy an enviable lifestyle within a safe urban environment that provides a wealth of opportunity for individual wellness, education and prosperity. A rich cultural fabric complements a visually attractive urban form set in a spectacular mountain environment. Cranbrook has assumed a strong, progressive leadership role within British Columbia based on sound fiscal management, smart growth development, and wise asset reinvestment.**

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